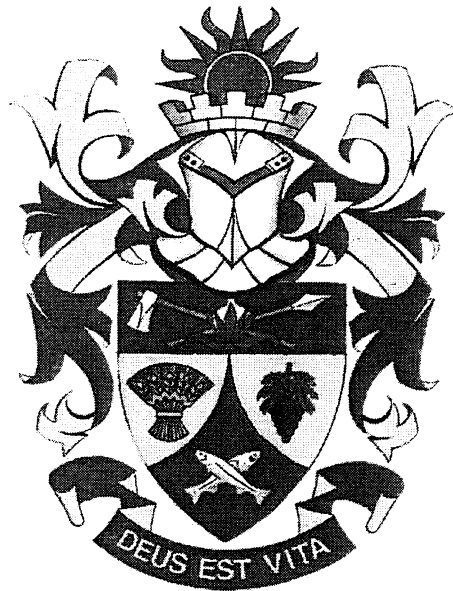


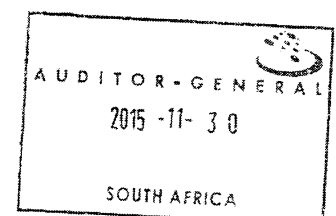
BERGRIVIER

MUNICIPALITY



AUDITED FINANCIAL STATEMENTS

30 JUNE 2015



30/11/2015

BERGRIVIER MUNICIPALITY

Index

Contents	Page
General Information	1
Approval of the Financial Statements	2
Report of the Auditor General	3
Statement of Financial Position	4
Statement of Financial Performance	5
Statement of Changes In Net Assets	6
Cash Flow Statement	7
Statement of Comparison of Budget and Actual Amounts - Statement of Financial Position	8
Statement of Comparison of Budget and Actual Amounts - Statement of Financial Performance	9
Statement of Comparison of Budget and Actual Amounts - Cash Flow Statement	10
Accounting Policies	11 - 47
Notes to the Financial Statements	48 - 90
APPENDICES	
A Schedule of External Loans	91
B Segmental Statement of Financial Performance - GFS Classifications	92
C Segmental Analysis of Property, Plant and Equipment - GFS	93
D Segmental Statement of Financial Performance - Municipal Votes	94
E Disclosure of Grants and Subsidies In Terms of Section 123 of MFMA, 56 of 2003	95

BERGRIVIER MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

GENERAL INFORMATION

NATURE OF BUSINESS

Bergrivier Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Bergrivier Municipality includes the towns of Piketberg, Porterville, Veldrift, Aurora, Eendekuil and Redefinghuys.

MEMBERS OF THE MAYORAL COMMITTEE

Executive Mayor	EB Manuel
Deputy Executive Mayor	SM Crafford
Executive Councillor	A de Vries
Executive Councillor	RM van Rooy

MUNICIPAL MANAGER

Adv. H Linde

CHIEF FINANCIAL OFFICER

JA van Niekerk

REGISTERED OFFICE

P.O. Box 60
PIKETBERG
7320

AUDITORS

Auditor-General
Private Bag X1
Chempet
7442

PRINCIPLE BANKERS

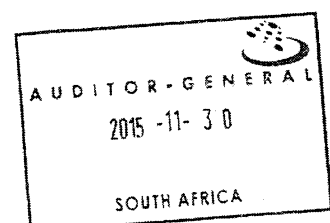
ABSA Bank

ATTORNEYS

De Villiers Van Zyl
Swemmer & Levin
Jacques Ehlers Prokureurs

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Systems Amendment Act (Act 44 of 2003)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Collective Agreements
Infrastructure Grants
SALBC Leave Regulations
Municipal Budget and Reporting Regulations



BERGRIVIER MUNICIPALITY

MEMBERS OF THE BERGRIVIER MUNICIPALITY

WARD	COUNCILLOR
1	JA Raats
2	WJ Dirks
3	JC Botha
4	RM van Rooy
5	DJ Smith
6	CJ Snyders
7	SM Crafford
Proportional	EB Manuel
Proportional	A de Vries
Proportional	SR Claassen
Proportional	SIJ Smit
Proportional	A Maarman
Proportional	C Snyders

APPROVAL OF FINANCIAL STATEMENTS

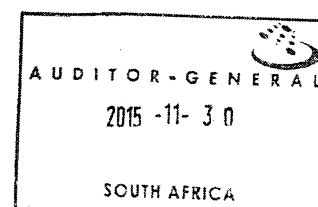
I am responsible for the preparation of these annual financial statements, which are set out on pages 4 to 90 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.



Adv. H Linde
Municipal Manager

30/11/15

Date



Report of the auditor-general to the Western Cape Provincial Parliament and the council on the Bergrivier Municipality

Report on the financial statements

Introduction

1. I have audited the financial statements of the Bergrivier Municipality set out on pages 1 to 89, which comprise the statement of financial position as at 30 June 2015, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2014 (Act No. 10 of 2014) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Bergrivier Municipality as at 30 June 2015 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the MFMA and DoRA.

Emphasis of matters

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Restatement of corresponding figures

8. As disclosed in note 40 to the financial statements, the corresponding figures for 30 June 2014 have been restated as a result of an error discovered during 2014-15 in the financial statements of the municipality at, and for the year ended, 30 June 2014.

Material loss

9. As disclosed in note 18 to the financial statements, a material write off of exchange receivables to the amount of R 4, 25 million was incurred during the year.

Additional matters

10. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Unaudited supplementary schedules

11. The supplementary information set out on pages 92 to 95 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

Unaudited disclosure notes

12. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion thereon.

Report on other legal and regulatory requirements

13. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected development objectives presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading, but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

14. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected development objectives presented in the annual performance report of the municipality for the year ended 30 June 2015:
 - Objective 7: To promote the well-being, health, safety and security of our community on pages 193 to 194
 - Objective 8: To provide and maintain bulk and service infrastructure that will address backlogs and provide for future development on pages 195 to 198
15. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
16. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned development objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information*.
17. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
18. I did not identify material findings on the usefulness and reliability of the reported performance information for the following development objectives:
 - Objective 7: To promote the well-being, health, safety and security of our community on pages 193 to 194
 - Objective 8: To provide and maintain bulk and service infrastructure that will address backlogs and provide for future development on pages 195 to 198

Additional matters

19. Although I identified no material findings on the usefulness and reliability of the reported performance information for the selected development objectives, I draw attention to the following matters:

Achievement of planned targets

20. Refer to the annual performance report on pages 193 to 202 for information on the achievement of planned targets for the year.

Unaudited supplementary information

21. The supplementary information set out on pages 1 to 192 and 203 to 298 does not form part of the annual performance report and is presented as additional information. I have not audited these schedules and, accordingly, I do not express a conclusion thereon.

Compliance with legislation

22. I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial matters, financial management and other related matters. My material findings on compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Annual financial statements

23. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements in the provision for doubtful debts for receivables from non-exchange and exchange transactions, long-term liabilities and inventory disclosure identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

24. Reasonable steps were not taken to prevent unauthorised expenditure, as required by section 62(1)(d) of the MFMA.

Internal control

25. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.

Financial and performance management

26. Management did not adequately review the annual financial statements to ensure that they were fairly presented, supported and evidenced by reliable information, as material misstatements were identified in the financial statements, which were subsequently corrected.
27. Management did not implement adequate controls around the approval of the budget and transactions recorded against the budget to ensure that unauthorised expenditure was prevented.

Auditor-General

Cape Town

30 November 2015



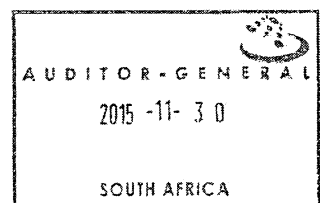
AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

BERGRIVIER MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2015

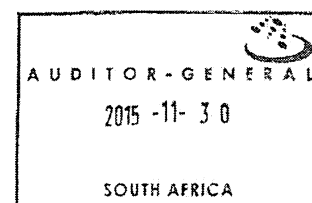
	Notes	2015 R	2014 R
NET ASSETS AND LIABILITIES			
Net Assets		270,634,711	234,730,868
Capital Replacement Reserve	2	12,172,050	9,556,500
Housing Development Fund	2	551,987	563,856
Accumulated Surplus/(Deficit)		257,910,674	224,610,512
Non-Current Liabilities		139,648,066	108,939,947
Long-term Liabilities	3	46,387,535	49,343,365
Non-current Provisions	4	55,933,814	26,589,799
Non-current Employee Benefits	5	37,326,717	33,006,783
Current Liabilities		42,989,635	40,632,065
Consumer Deposits	6	2,872,801	2,678,978
Current Employee Benefits	7	8,342,224	7,398,238
Payables from exchange transactions	8	27,193,139	19,397,062
Unspent Conditional Government Grants and Receipts	9	1,487,029	7,067,211
Taxes	10.1	140,522	-
Current Portion of Long-term Liabilities	3	2,953,920	4,090,576
Total Net Assets and Liabilities		453,272,412	384,302,880
ASSETS			
Non-Current Assets		334,574,168	288,830,041
Property, Plant and Equipment	12	319,100,478	273,146,818
Investment Property	13	12,860,805	12,868,760
Intangible Assets	14	1,175,123	806,129
Heritage Assets	15	454,012	454,012
Long-term Receivables	16	983,750	1,554,322
Current Assets		118,698,244	95,472,839
Inventory	17	2,807,211	2,197,105
Receivables from exchange transactions	18	41,016,760	36,606,149
Receivables from non-exchange transactions	19	25,042,609	20,288,361
Unpaid Conditional Government Grants and Receipts	9	80,770	-
Operating Lease Asset	20.1	81,069	79,199
Taxes	10.2	-	310,470
Current Portion of Long-term Receivables	16	1,325,799	2,275,418
Cash and Cash Equivalents	21.1	48,344,026	33,716,137
Total Assets		453,272,412	384,302,880



BERGRIVIER MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015

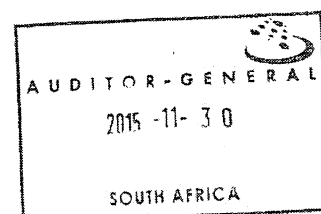
	Notes	2015 R	2014 R
REVENUE			
Revenue from Non-exchange Transactions		121,872,208	105,081,736
Taxation Revenue		49,208,046	45,226,662
Property Rates	22	49,208,046	45,226,662
Transfer Revenue		66,559,589	56,417,951
Government Grants and Subsidies	23	65,702,817	56,417,951
Contributed Property, Plant and Equipment	24	856,772	-
Other Revenue		6,104,573	3,437,123
Fines		6,104,573	3,421,379
Actuarial Gains	5	-	15,744
Revenue from Exchange Transactions		142,195,200	127,370,577
Service Charges	25	126,882,623	113,011,889
Rental of Facilities and Equipment	26	3,657,275	3,197,994
Interest Earned - external investments	27	3,232,674	1,285,000
Interest Earned - outstanding receivables	28	3,197,469	3,247,079
Licences and Permits		1,844,654	1,923,805
Income for Agency Services		2,013,969	1,803,158
Other Income	29	1,366,536	2,901,652
Total Revenue		264,067,408	232,452,313
EXPENDITURE			
Employee related costs	30	(86,530,847)	(78,362,940)
Remuneration of Councillors	31	(4,848,895)	(4,734,966)
Debt Impairment	32	(6,543,914)	(4,484,690)
Depreciation and Amortisation	33	(15,825,173)	(14,440,728)
Repairs and Maintenance		(5,058,735)	(4,239,207)
Actuarial Losses	5	(749,790)	(3,769,712)
Finance Costs	34	(11,614,679)	(10,193,989)
Bulk Purchases	35	(61,595,633)	(54,464,890)
Grants and Subsidies Paid	36	(4,742,318)	(6,342,310)
General Expenses	37	(30,568,987)	(28,325,112)
Total Expenditure		(228,078,971)	(209,358,544)
Operating Surplus for the Year		35,988,437	23,093,769
Gains/(Loss) on Sale of Assets	38	(84,595)	446,807
(Impairment loss)/Reversal of impairment loss	39	-	25,439
NET SURPLUS/(DEFICIT) FOR THE YEAR		35,903,842	23,566,015



BERGRIVIER MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2015

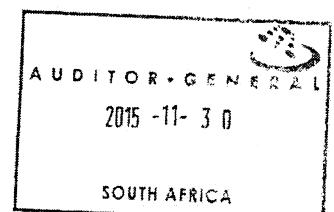
	Capital Replacement Reserve R	Housing Development Fund R	Accumulated Surplus/ (Deficit) R	Total R
Balance at 1 July 2013	8,721,500	558,273	197,920,708	207,200,481
Correction of Error - note 40.10	-	-	3,964,373	3,964,373
Restated balance	8,721,500	558,273	201,885,081	211,164,854
Net Surplus/(Deficit) for the year	-	-	23,566,015	23,566,015
Net Surplus/(Deficit) previously reported	-	-	22,264,759	22,264,759
Effects of Correction of Errors - note 40.11	-	-	1,301,256	1,301,256
Transfer to/from CRR	3,615,218	-	(3,615,218)	-
Property, Plant and Equipment purchased	(2,780,218)	-	2,780,218	-
Transfer to Housing Development Fund	-	5,584	(5,584)	-
Restated balance	9,556,500	563,857	224,610,512	234,730,869
Net Surplus/(Deficit) for the year	-	-	35,903,842	35,903,842
Transfer to/from CRR	7,217,540	-	(7,217,540)	-
Property, Plant and Equipment purchased	(4,601,990)	-	4,601,990	-
Transfer to Housing Development Fund	-	(11,670)	11,670	-
Balance at 30 June 2015	12,172,050	551,987	257,910,674	270,634,711



BERGRIVIER MUNICIPALITY

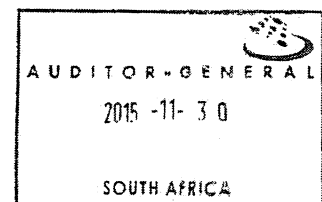
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 R	2014 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts		46,429,962	43,105,851
Taxation		124,843,372	108,511,927
Sale of goods and services		60,041,864	63,699,633
Grants		3,232,674	1,285,000
Investment Income		8,784,359	8,305,918
Other receipts			
Cash payments		(86,865,612)	(82,311,811)
Employee costs		(97,464,854)	(91,970,627)
Suppliers		(6,253,204)	(5,618,103)
Finance costs			
Net Cash from Operating Activities	41	52,748,561	45,007,788
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(33,648,149)	(29,063,817)
Proceeds on Disposal of Fixed Assets		-	859,259
Purchase of Intangible Assets		(599,314)	(146,894)
(Increase)/Decrease in Long-term Receivables		27,000	(170,655)
Net Cash from Investing Activities		(34,220,463)	(28,522,107)
CASH FLOW FROM FINANCING ACTIVITIES			
New loans raised		-	10,443,842
Loans repaid		(4,094,032)	(4,726,520)
Increase/(Decrease) in Consumer Deposits		193,823	162,877
Net Cash from Financing Activities		(3,900,209)	5,880,199
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		14,627,889	22,365,880
Cash and Cash Equivalents at the beginning of the year		33,716,137	11,350,257
Cash and Cash Equivalents at the end of the year	42	48,344,026	33,716,137
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		14,627,889	22,365,880



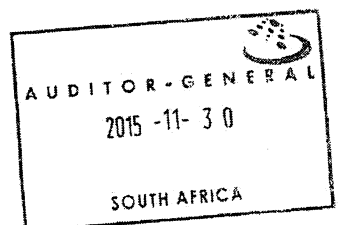
BERGRIVIER MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2015

Notes	Original Budget	Budget Adjustments (i.f.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Shifting of Funds (i.f.o. s31 of the MFMA)	Virement (i.f.o. Council approved by-law)	Final Budget	Actual Outcome	Actual Outcome as % of Final Budget
	R	R	R	R	R	R	2015 R	%
ASSETS								
Current Assets								
Cash	26,213,428	(15,906,461)	10,306,967	-	-	10,306,967	11,784,366	14.33%
Call Investment Deposits	-	18,011,815	18,011,815	-	-	18,011,815	36,559,660	102.98%
Consumer Debtors	43,065,000	10,292,978	53,357,978	-	(3,316,542)	50,041,436	61,662,637	23.22%
Other Debtors	524,000	(3,405,035)	(2,881,035)	-	3,401,966	520,931	4,558,571	775.08%
Current Portion of long-term receivables	-	(220,009)	1,166,110	-	-	1,166,110	1,325,799	100.80%
Inventory	1,406,119	-	-	-	-	-	2,807,211	136.67%
Total Current Assets	45.2.1	71,208,547	8,773,288	79,981,835	85,424	80,067,259	118,698,244	48.25%
Non-Current Assets								
Long-term receivables	-	-	-	-	-	-	-	-
Investments	5,899,000	(2,167,260)	3,731,740	-	-	3,731,740	983,750	-73.64%
Investment Property	14,437,967	(709,207)	13,728,760	-	-	13,728,760	12,860,805	-6.32%
Investment in Associates	290,957,925	(1,706)	290,956,219	-	-	290,956,219	319,554,490	9.83%
Property, Plant and Equipment	-	-	-	-	-	-	-	-
Agricultural Assets	-	-	-	-	-	-	-	-
Biological Assets	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-
Other Non-Current Assets	2,234,694	(335,565)	1,899,129	-	-	1,899,129	1,175,123	-38.12%
Total Non-Current Assets	45.2.2	313,529,586	(3,213,738)	310,315,848	-	310,315,848	334,574,168	7.82%
TOTAL ASSETS		384,738,133	5,559,550	390,297,683	85,424	390,383,107	453,272,412	16.11%
LIABILITIES								
Current Liabilities								
Bank Overdraft	-	-	-	-	-	-	-	-
Borrowing	2,659,036	111,216	2,770,252	-	-	2,770,252	2,872,801	100.00%
Consumer Deposits	18,408,500	(700,812)	17,707,688	-	-	17,707,688	28,820,590	61.98%
Trade and Other Payables	6,186,346	104,117	6,290,463	-	85,429	6,375,892	8,342,224	32.62%
Provisions	27,253,882	(485,479)	26,768,403	-	85,429	26,853,832	42,989,635	60.09%
Total Current Liabilities	45.2.3	49,950,000	4,926,183	54,876,183	-	54,876,183	46,387,535	-15.47%
Non-Current Liabilities								
Borrowing	62,400,000	3,988,513	66,388,513	-	-	66,388,513	93,260,531	40.52%
Provisions	112,350,000	8,894,696	121,244,696	-	-	121,244,696	139,648,066	15.18%
Total Non-Current Liabilities	45.2.4	174,750,000	12,883,209	187,633,209	85,429	187,718,638	257,910,674	11.03%
TOTAL LIABILITIES		224,700,000	17,809,392	242,509,392	85,429	242,594,821	270,634,711	11.70%
NET ASSETS								
Accumulated Surplus/(Deficit)	231,611,596	679,832	232,291,428	-	(5)	232,286,423	12,724,037	27.33%
Reserves	13,522,855	(3,529,499)	9,993,356	-	-	9,993,356	12,724,037	27.33%
Minorities' Interests	-	-	-	-	-	-	-	-
TOTAL NET ASSETS	45.2.5	245,134,251	(2,849,667)	242,284,584	(5)	242,279,579	270,634,711	11.70%



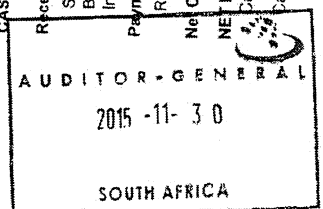
BERGRIVIER MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015

Notes	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Shifting of Funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved by-law)	Final Budget	Actual Outcome	Actual Outcome as % of Final Budget
	R	R	R	R	R	R	R	%
REVENUE								
Property Rates - Penalties & Collection Charges	51 739 555	(3 709 555)	48 030 000	-	-	48 030 000	49 208 046	2.45%
Property Rates - Electricity Revenue	76 927 400	4 564 000	81 591 400	-	-	81 591 400	78 569 391	-3.70%
Service Charges - Water Revenue	18 624 846	1 723 616	20 348 462	-	-	20 348 462	22 459 847	10.38%
Service Charges - Sanitation Revenue	6 571 500	2 751 500	9 323 000	-	-	9 323 000	9 639 922	3.40%
Service Charges - Refuse Revenue	12 001 000	(9 550 000)	2 451 000	-	-	2 451 000	16 213 463	3.20%
Service Charges - Other Revenue	9 550 000	(9 550 000)	-	-	-	-	-	-
Rental of Facilities and Equipment	3 207 000	102 000	3 309 000	-	-	3 309 000	3 857 275	10.53%
Interest Earned - External Investments	1 000 000	1 000 000	2 000 000	-	-	2 000 000	3 232 674	61.63%
Interest Earned - Outstanding Debtors	2 889 000	169 000	3 058 000	-	-	3 058 000	3 197 469	14.20%
Dividends Received	1 005 000	2 600 000	3 605 000	-	-	3 605 000	6 104 573	69.34%
Fines	1 300 000	-	1 300 000	-	-	1 300 000	1 844 654	41.90%
Licences and Permits	1 957 780	-	1 957 780	-	-	1 957 780	2 013 969	2.87%
Agency Services	37 087 316	2 167 024	39 254 340	-	107 200	39 254 340	41 174 033	4.82%
Transfers Recognised - Operational	2 538 390	490 000	3 028 390	-	-	3 028 390	1 366 536	-54.88%
Gains on Disposal of PPE	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	226 318 787	5 958 585	232 277 372	-	107 200	232 284 572	239 681 852	2.75%
EXPENDITURE								
Employee Related Costs	89 312 510	129 067	89 441 577	-	-	89 449 277	87 280 637	-2.42%
Remuneration of Councilors	4 714 000	200 000	4 914 000	-	-	4 914 000	4 848 895	-1.32%
Debt Impairment	1 902 745	3 200 653	5 103 398	-	-	5 103 398	6 543 914	28.23%
Depreciation and Asset Impairment	17 460 000	(1 964 962)	15 495 038	-	-	15 495 038	15 825 173	2.13%
Finance Charges	10 189 460	369 622	10 559 082	-	-	10 891 197	11 614 679	6.64%
Bulk Purchases	61 025 000	1 560 000	62 585 000	-	-	62 647 200	61 595 633	-1.68%
Other Materials	3 070 000	100 000	3 170 000	-	-	3 170 000	4 742 318	49.60%
Contracted Services	43 882 150	1 718 374	45 600 524	-	(402 015)	45 198 519	35 627 721	-21.18%
Transfers and Grants	-	-	-	-	-	-	84 585	100.00%
Other Expenditure	-	-	-	-	-	-	-	-
Loss on Disposal of PPE	-	-	-	-	-	-	-	-
Total Expenditure	231 555 875	5 312 754	236 868 629	-	0	236 868 629	228 163 555	-3.69%
Surplus/(Deficit)	(5 237 088)	545 831	(4 691 257)	-	107 200	(4 584 057)	10 518 287	-329.45%
Transfers Recognised - Capital	37 605 684	(17 336 697)	20 268 987	-	(107 200)	20 161 787	24 528 783	21.66%
Contributions Recognised - Capital	-	-	-	-	-	-	-	-
Contributed Assets	-	-	-	-	-	-	856 772	100.00%
Surplus/(Deficit) after Capital Transfers & Contributions	32 368 596	(16 790 866)	15 577 730	-	(0)	15 577 730	35 903 842	130.48%
Taxation	-	-	-	-	-	-	-	-
Surplus/(Deficit) after Taxation	32 368 596	(16 790 866)	15 577 730	-	(0)	15 577 730	35 903 842	130.48%
Attributable to Minorities	-	-	-	-	-	-	-	-
Surplus/(Deficit) Attributable to Municipality	32 368 596	(16 790 866)	15 577 730	-	(0)	15 577 730	35 903 842	130.48%
Share of Surplus/(Deficit) of Associate	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	32 368 596	(16 790 866)	15 577 730	-	(0)	15 577 730	35 903 842	130.48%



BERGRIVIER MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

Notes	Original Budget	Budget Adjustments (i.e. s28 and s31 of the MFMA)	Final Adjustment Budget	Shifting of Funds (i.e. s31 of the MFMA)	Virement (i.e. Council approved by-law)	Final Budget	Actual Outcome	Actual Outcome as % of Final Budget
	R	R	R	R	R	R	2015 R	%
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Ratepayers and other	186,386,612	(12,058,952)	174,327,660	-	-	174,327,660	180,057,693	3.29%
Government - Operating	37,007,316	2,712,023	39,719,339	-	107,200	39,826,539	82,583,991	107.36%
Government - Capital	37,605,684	106,104	37,711,788	-	(107,200)	37,604,588	(22,542,127)	-159.95%
Interest	3,869,000	(1,889,000)	2,000,000	-	-	2,000,000	3,232,674	61.63%
Dividends	-	-	-	-	-	-	-	-
Payments								
Suppliers and Employees	(196,594,198)	(7,463,915)	(204,058,113)	-	(332,115)	(204,390,228)	(181,239,966)	-11.33%
Finance Charges	(6,251,000)	(369,622)	(6,620,622)	-	332,115	(6,288,507)	(6,253,204)	-0.56%
Transfers and Grants	(3,070,000)	(100,000)	(3,170,000)	-	-	(3,170,000)	(3,090,500)	-2.51%
Net Cash from/(used) Operating Activities	58,973,414	(19,063,362)	39,910,052	-	0	39,910,052	52,748,561	32.17%
CASH FLOW FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-
Decrease/(Increase) in Non-Current Debtors	-	-	-	-	-	-	-	-
Decrease/(Increase) in Other Non-Current Receivables	-	-	-	-	-	-	-	-
Decrease/(Increase) in Non-Current Investments	-	2,167,260	2,167,260	-	-	2,167,260	27,000	-98.75%
Payments								
Capital Assets	(49,649,000)	17,605,419	(32,043,581)	-	-	(32,043,581)	(34,247,463)	6.88%
Net Cash from/(used) Investing Activities	(49,649,000)	19,772,679	(29,876,321)	-	-	(29,876,321)	(34,220,463)	14.54%
CASH FLOW FROM FINANCING ACTIVITIES								
Receipts								
Short Term Loans	6,000,000	(250,000)	5,750,000	-	-	5,750,000	-	-100.00%
Borrowing long term/refinancing	281,621	(392,836)	(111,215)	-	-	(111,215)	193,823	-274.28%
Increase/(Decrease) in Consumer Deposits	-	-	-	-	-	-	-	-
Payments								
Repayment of Borrowing	(4,859,704)	(66,479)	(4,926,183)	-	-	(4,926,183)	(4,094,032)	-16.89%
Net Cash from/(used) Financing Activities	1,421,917	(709,315)	712,602	-	-	712,602	(3,900,209)	-647.32%
Net INCREASE/(DECREASE) IN CASH HELD	10,746,331	2	10,746,333	-	0	10,746,333	14,627,889	36.12%
Cash and Cash Equivalents at the year begin:	15,467,096	2,105,355	17,572,451	-	-	17,572,451	33,716,137	91.87%
Cash and Cash Equivalents at the year end:	26,213,427	2,105,357	28,318,784	-	0	28,318,784	48,344,026	70.71%



1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The annual financial statements have been prepared in accordance with the Finance Management Act (MFMA) and effective Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – March 2012) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

A summary of the significant accounting policies, which have been consistently applied except where an exemption or transitional provision has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the Financial Statements.

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to Property, Plant and Equipment, Investment Property and Intangible Assets where the acquisition cost of an asset could not be determined.

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand. No foreign exchange transactions are included in the statements.

1.3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5. AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include errors.

1.6. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

1.7. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as separate additional financial statements, namely Statements of comparison of budget and actual amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e. 1 July 2014 to 30 June 2015. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts;

Explanations for material differences between the final budget amounts and actual amounts are included the Notes to the Financial Statements.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24.

1.8. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

REFERENCE	TOPIC	EFFECTIVE DATE
GRAP 18 (Original – Feb 2011)	<u>Segment Reporting</u> The objective of this Standard is to establish principles for reporting financial information by segments. No significant impact is expected as information to a large extent is already included in the appendixes to the financial statements which do not form part of the audited financial statements.	1 April 2015
GRAP 20 (Original – Jun 2011)	<u>Related Party Disclosure</u> The objective of this Standard is to ensure that a Municipality's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties. The Municipality resolved to adopt the disclosure requirements as per GRAP 20. The information is therefore included in the financial statements.	Unknown
GRAP 32 (Original – Aug 2013)	<u>Service Concession Arrangements: Grantor</u> The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public entity. No significant impact expected as any such transactions or events are expected in the foreseeable future.	Unknown
GRAP 105 (Original – Nov 2010)	<u>Transfer of Functions Between Entities Under Common Control</u> The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control. No significant impact expected as no such transactions or events are expected in the foreseeable future.	1 April 2015
GRAP 106 (Original – Nov 2010)	<u>Transfer of Functions Between Entities Not Under Common Control</u> The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control. No significant impact expected as no such transactions or events are expected in the foreseeable future.	1 April 2015

GRAP 107 (Original – Nov 2010)	<u>Mergers</u> The objective of this Standard is to establish accounting principles for the combined entity and combining entities in a merger. No significant impact expected as no such transactions or events are expected in the foreseeable future.	1 April 2015
GRAP 108 (Original – Sept 2013)	<u>Statutory Receivables</u> The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables. The Municipality has resolved to adopt the principles as set out in GRAP 108 to formulate its own accounting policy.	Unknown
GRAP 109	<u>Accounting by Principles and Agents</u> The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement. No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	Unknown
IGRAP 11	<u>Consolidation - Special Purpose Entities (SPE)</u> The objective of this Interpretation of the Standard is to prescribe under what circumstances an entity should consolidate a SPE. No significant impact is expected as the Municipality does not have any SPE's at this stage.	1 April 2015
IGRAP 12	<u>Jointly Controlled Entities non-monetary contributions</u> The objective of this Interpretation of the Standard is to prescribe the treatment of profit/loss when an asset is sold or contributed by the venture to a Jointly Controlled Entity (JCE). No significant impact is expected as the Municipality does not have any JCE's at this stage.	1 April 2015
IGRAP 17	<u>Service Concession Arrangements where a grantor controls a significant residual interest in an Asset</u> The Interpretation of the Standards is to provide guidance to the grantor where it has entered into a service concession arrangement, but only controls, through a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease. No such transactions or events are expected in the foreseeable future.	Unknown
Directive 11	<u>Changes in Measurement Bases following Initial Adoption of Standards of GRAP</u> This Directive can be applied when a Municipality elects to change the measurement bases selected for certain assets on the initial adoption of Standards of GRAP. No significant impact is expected as the Municipality has no intention of changing its measurement bases.	1 April 2015

These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

1.9. HOUSING DEVELOPMENT FUND

The Housing Development Fund was established in terms of the Housing Act, (Act No 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the Municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund.

Housing selling schemes both complete and in progress as at 1 April 1998 were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

1.10. RESERVES

1.10.1. Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, funds are transferred from the accumulated surplus / (deficit) to the CRR. The cash funds in the CRR can only be utilized for the purpose of purchasing/ construction of items of property, plant and equipment and may not be used for the maintenance of these items. The CRR is reduced and the accumulated surplus / (Deficit) are credited by a corresponding amount when the amounts in the CRR are utilized.

1.11. LEASES

1.11.1. Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and

equipment, investment property or intangibles assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1.11.2. Municipality as Lessor

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The Municipality shall recognise the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leases asset is diminished.

1.12. BORROWING COST

The Municipality recognises all borrowing costs as an expense in the period in which they are incurred.

1.13. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.14. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unpaid conditional grants are assets in terms of the Framework that are separately disclosed in the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from public.

The following provisions are set for the creation and utilisation of grant receivables:

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

1.15. UNSPENT PUBLIC CONTRIBUTIONS

Public contributions are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent public contributions are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent public contributions are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the municipality until it is utilised.
- Interest earned on the investment is treated in accordance with the public contribution conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.16. PROVISIONS

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where an inflow of economic benefits or service potential is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The municipality has a detailed formal plan for the restructuring identifying at least:
 - the business or part of a business concerned;
 - the principal locations affected;
 - the location, function and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented.
- (b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is derecognised.

1.17. EMPLOYEE BENEFITS

(a) Post-Retirement Medical Obligations

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% are paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(b) Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(c) Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.

Accumulated leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

(d) Staff Bonuses

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year end for each employee.

(e) Other Short-term Employee Benefits

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

1.18. PROPERTY, PLANT AND EQUIPMENT

1.18.1. Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the entity, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measure at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.18.2. Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

1.18.3. Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated useful lives:

	Years		Years
<u>Infrastructure</u>		<u>Other</u>	
Roads, pavements and bridges	5-50	Buildings	5-50
Storm Water	5-50	Specialist vehicles	2-10
Electricity	5-50	Other vehicles	2-10
Water	3-100	Office equipment	5-30
Sanitation	5-100	Furniture and fittings	5-30
Waste Management	3-50	Watercraft	15

<u>Community</u>		<u>Other (Continue)</u>	
Sports fields and Stadia	5-30	Bins and containers	5
Housing	20-30	Specialised plant and equipment	5-30
Security Halls	5 20-30	Other plant and equipment	2-5
Libraries	20-30	Emergency equipment	10
Parks and gardens	20-30	Computer equipment	3
Other assets	15-20		
<u>Finance lease assets</u>			
Office equipment	3		
Other assets	5		
Cell phones	2		

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

1.18.4. De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.18.5. Land and Buildings and Other Assets – application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings the fair value as determined by a valuator was used in order to determine the deemed cost as

on 1 July 2007. For Other Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2007.

1.19. INTANGIBLE ASSETS

1.19.1. Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project;
- it is probable that the municipality will receive future economic benefits or service potential; and
- the Municipality can measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

1.19.2. Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.19.3. Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

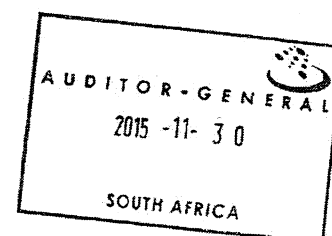
<u>Intangible Assets</u>	<u>Years</u>
Computer Software	5
Computer Software Licenses	5

1.19.4. De-recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.19.5. Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2007.



1.20. INVESTMENT PROPERTY

1.20.1. Initial Recognition

Investment property shall be recognised as an asset when and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use is also classified as investment property.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

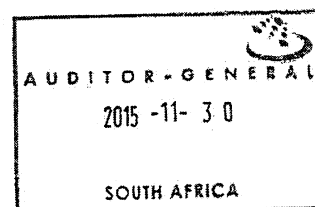
1.20.2. Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

1.20.3. Depreciation and Impairment – Cost Model

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

<u>Investment Property</u>	<u>Years</u>
Buildings	30



1.20.4. De-recognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.20.5. Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007.

1.21. CONSTRUCTION CONTRACTS

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by either the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs or surveys of work done or completion of a physical proportion of the contract work.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

1.22. AGRICULTURE

1.22.1. Initial Recognition

A biological asset or agricultural produce is recognised when and only when:

- the Municipality controls the asset as a result of past events;
- it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality;
- and the fair value or cost of the asset can be measured reliably.

Biological assets are initially measured at their fair value less cost to sell.

1.22.2. Subsequent Measurement

Biological assets are measured at their fair value less cost to sell.

The fair value of game is determined based on market prices of livestock of similar age, breed, and genetic merit in the local industry. Game is considered to be bearer biological assets.

A gain or loss arising on initial recognition of biological assets at fair value less cost to sell is included in profit or loss for the period in which it arises.

1.23. HERITAGE ASSETS

1.23.1. Initial Recognition

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

A heritage asset is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality, and the cost or fair value of the asset can be measured reliably.

A heritage asset that qualifies for recognition as an asset is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

1.23.2. Subsequent Measurement – Cost Model

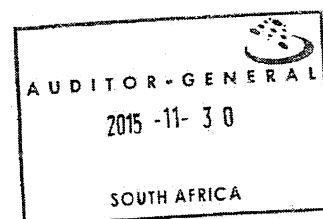
After recognition as an asset, heritage assets are carried at its cost less any accumulated impairment losses.

1.23.3. De-recognition

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset. The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

1.23.4. Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2011.



1.24. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.24.1. *Cash generating assets*

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the municipality estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use;
- Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated;
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

(b) Internal sources of information

- Evidence is available of obsolescence or physical damage of an asset;
- Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite;
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.24.2. Non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- Cessation, or near cessation, of the demand or need for services provided by the asset;
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

(b) Internal sources of information

- Evidence is available of physical damage of an asset;
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date;
- A decision to halt the construction of the asset before it is complete or in a usable condition;
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss recorded in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches:

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced

number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount in accordance with another Standard of GRAP. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that Standard of GRAP.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

1.25. INVENTORIES

1.25.1. Initial Recognition

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

1.25.2. Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the weighted average method.

Water inventory is measured annually at the reporting date by way of telemetry readings and the calculated volume in the distribution network.

1.26. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions). The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

1.26.1. Initial Recognition

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

1.26.2. Subsequent Measurement

Financial Assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial Liabilities are categorised as either at fair value, financial liabilities at cost or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.26.2.1. Receivables

Receivables are classified as financial assets at amortised cost, and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1.26.2.2. Payables and Annuity Loans

Financial liabilities consist of trade and other payables and annuity loans. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.26.2.3. Cash and Cash Equivalents

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

1.26.3. De-recognition

1.26.3.1. Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's

continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.26.3.2. Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.26.4. Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.27. STATUTORY RECEIVABLES

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

1.27.1. Initial Recognition

Statutory receivables are recognised when the related revenue is recognised or when the receivable meets the definition of an asset.

1.27.2. Subsequent Measurement

The Municipality initially measures the statutory receivables at their transaction amount. The Municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to reflect any:

- (a) interest or other charges that may have accrued on the receivable;
- (b) impairment losses; and
- (c) amounts derecognised.

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired. If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated

future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

1.27.3. Derecognition

The Municipality derecognises a statutory receivable when:

- (a) the rights to the cash flows from the receivable are settled, expire or are waived;
- (b) the Municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- (c) the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Municipality:
 - i. derecognise the receivable; and
 - ii. recognise separately any rights and obligations created or retained in the transfer.

1.28. REVENUE

1.28.1. Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the

conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition the full amount of revenue is recognised. If the Municipality does not enforce its obligation to collect the revenue, this would be considered as a subsequent event. Collection charges are recognised when such amounts are legally enforceable. Rebates and discounts are offset against the related revenue, in terms of IGRAP 1, as there is no intention of collecting this revenue.

Fine Revenue constitutes both spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued. In cases where fines and summonses are issued by another government institute, revenue will only be recognised by the Municipality when the receivable meets the definition of an asset.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

All unclaimed deposits are initially recognised as a liability until 36 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. This policy is in line with prescribed debt principle as enforced by the law.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue shall be measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be

measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

1.28.2. Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality;
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

At the time of initial recognition the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is disclosed as under Payables from Exchange Transactions in the Statement of Financial Position.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements.

Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse points per property.

Service charges relating to sanitation (sewerage) are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage. In the case of residential property a fixed monthly tariff is levied and in the case of commercial property a tariff is levied based on the number of sewerage connection on the property. Service charges based on a basic charge as per Council resolution.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Revenue shall be measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or

- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.29. TRANSFER OF FUNCTIONS (Municipality as acquirer)

A function is an integrated set of activities that is capable of being conducted and managed for purposes of achieving a Municipality's objectives, either by providing economic benefits or service potential.

A transfer of functions is the reorganisation and/or the re-allocation of functions between Municipalities by transferring functions between Municipalities or into another entity.

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality accounts for each transfer of functions between entities not under common control by applying the acquisition method. Applying the acquisition method requires:

- identifying the acquirer (Municipality);
- determining the acquisition date;
- recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; and
- recognising the difference between (c) and the consideration transferred to the seller.

As of the acquisition date, the Municipality recognises the identifiable assets acquired and the liabilities assumed. The identifiable assets acquired and liabilities assumed meets the definitions of assets and liabilities in the *Framework for the Preparation and Presentation of Financial Statements* and the recognition criteria in the applicable Standards of GRAP at the acquisition date. In addition, the identifiable assets acquired and liabilities assumed are part of what the Municipality and the acquiree (or its former owners) agreed in the binding arrangement.

The Municipality measures the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values.

The Municipality subsequently measures and account for assets acquired and liabilities assumed in accordance with other applicable Standards of GRAP.

1.30. RELATED PARTIES

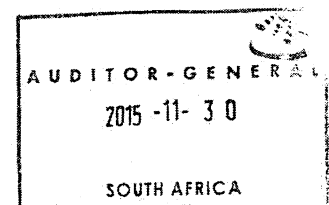
The Municipality resolved to adopt the disclosure requirements as per GRAP 20 – “Related Party Disclosures”.

A related party is a person or an entity:

- with the ability to control or jointly control the other party,
- or exercise significant influence over the other party, or vice versa,
- or an entity that is subject to common control, or joint control.

The following are regarded as related parties of the Municipality:

- (a) A person or a close member of that person's family is related to the Municipality if that person:
- has control or joint control over the Municipality.
 - has significant influence over the Municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
 - is a member of the management of the Municipality or its controlling entity.
- (b) An entity is related to the Municipality if any of the following conditions apply:
- the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
 - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
 - both entities are joint ventures of the same third party.
 - one entity is a joint venture of a third entity and the other entity is an associate of the third entity.



- the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
- the entity is controlled or jointly controlled by a person identified in (a).
- a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

- (a) are married or live together in a relationship similar to a marriage; or
- (b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

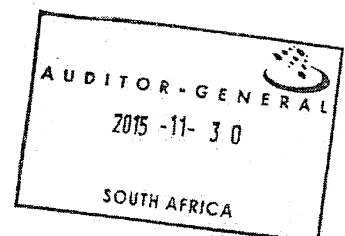
Management (formerly known as "Key Management") includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

- (a) all members of the governing body of the Municipality;
- (b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
- (c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
- (d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

- (a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee;
- (b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.



The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

1.31. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.32. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

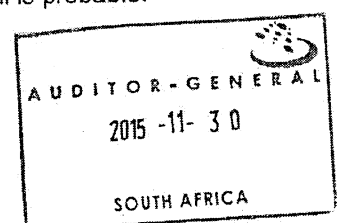
1.33. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.34. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.



Management judgement is required when recognising and measuring contingent liabilities.

1.35. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

Post-retirement medical obligations and Long service

The cost of post-retirement medical obligations and long service are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 5 of the Annual Financial Statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Impairment of Receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

Property, Plant and Equipment

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of Property, Plant and Equipment:

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to

support the useful life of buildings, with specific reference to the structural design of buildings.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

The cost for depreciated replacement cost was determined by using either one of the following:

- Cost of items with a similar nature currently in the Municipality's asset register;
- Cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Municipality and that the other municipality's asset register is considered to be accurate;
- Cost as supplied by suppliers.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

Intangible Assets

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

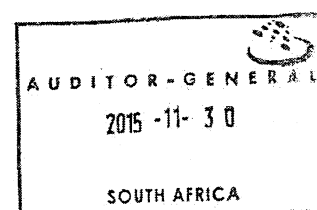
For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

Investment Property

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.



- The Municipality also consulted with professional engineers and qualified valuers to support the useful life of buildings.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

Provision for Landfill Sites

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value of the expected future cash flows to rehabilitate the landfill site at year end. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset is charged to the Statement of Financial Performance.

Management referred to the following when making assumptions regarding provisions:

- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
- Interest rates (investment rate) linked to prime was used to calculate the effect of time value of money.

Provision for Staff leave

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

Pre-paid electricity estimation

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year end, which is still unused. The average pre-paid electricity sold per day during the year under review is used and the estimate is calculated using between 5 and 7 days' worth of unused electricity.

Componentisation of Infrastructure assets

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component,

depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

Revenue Recognition

Accounting Policy 1.28.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.28.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions. Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed.

1.36. TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

1.37. CAPITAL COMMITMENTS

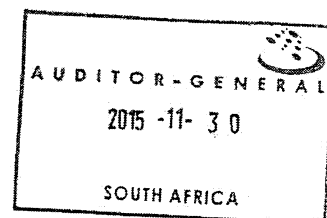
Capital commitments disclosed in the financial statements represents the balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.38. EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.



BERGRIVIER MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

2.

NET ASSET RESERVES

RESERVES

Capital Replacement Reserve

Housing Development Fund

Total Net Asset Reserve and Liabilities

2015

R

2014

R

12,724,037

10,120,357

12,172,050

9,556,500

551,987

563,857

12,724,037

10,120,357

2.1

The Capital Replacement Reserve is used to finance future capital expenditure from own funds.

2.2

The Housing Development Fund was established in terms of section 15 (5) and 16 of the Housing Act, Act 107 of 1997. The proceeds in this fund are utilised for housing development projects approved by the MEC. Any surplus/(deficit) on the Housing Department in the Statement of Financial Performance is transferred to the Housing Development Fund.

3.

LONG-TERM LIABILITIES

Annuity Loans - At amortised cost

Previously disclosed

Correction of Error - Note 40.1

Capitalised Lease Liability - At amortised cost

Less: Current Portion transferred to Current Liabilities

Annuity Loans - At amortised cost

Correction of Error - Note 40.1

Capitalised Lease Liability - At amortised cost

Total Long-term Liabilities - At amortised cost using the effective interest rate method

49,101,527

52,917,267

-

58,983,495

-

(6,066,228)

239,928

516,674

49,341,455

53,433,941

(2,953,920)

(4,090,576)

(2,658,521)

(3,807,819)

-

(7,922)

(295,399)

(274,835)

46,387,535

49,343,365

3.1

The obligations under annuity loans are scheduled below:

Amounts payable under annuity loans:

Payable within one year

Payable within two to five years

Payable after five years

Less: Future finance obligations

Present value of annuity loans obligations

9,412,235

9,992,488

38,025,806

34,297,362

53,283,334

66,430,672

100,721,376

110,720,522

(51,619,849)

(57,803,255)

49,101,527

52,917,267

3.2

The obligations under finance leases are scheduled below:

Amounts payable under finance leases:

Payable within one year

Payable within two to five years

Payable after five years

Less: Future finance obligations

Present value of finance lease obligations

253,721

321,273

354

252,847

-

-

254,075

574,120

(14,147)

(57,446)

239,928

516,674

The capitalised lease liability consist out of the following contracts:

Supplier

Description of leased item

Effective interest rate

Annual Escalation

Lease Term

Maturity Date

Telkom SA Ltd

Telephone System

11%

0%

36 Months

30/16/2016

Auto Page Cellular

Cell Phones

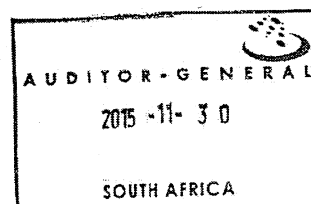
Various

0%

24-28 Months

31/01/2017

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance. Leases are secured by property, plant and equipment - Note 12



BERGRIVIER MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
4. NON-CURRENT PROVISIONS		
Provision for Rehabilitation of Landfill-sites	55,933,814	26,589,799
Total Non-current Provisions	55,933,814	26,589,799
4.1 Landfill Sites		
Balance 1 July	26,589,799	25,278,481
Contribution for the year	2,316,278	1,505,083
Change in Provision for Rehabilitation Cost - IGRAP 2 Adjustment	27,118,893	(48,938)
Expenditure for the year	(90,946)	(119,388)
Correction of Error - Note 40.1	-	(25,439)
Total provision 30 June	55,933,814	26,589,799
Less: Transfer of Current Portion to Current Provisions	-	-
Balance 30 June	55,933,814	26,589,799

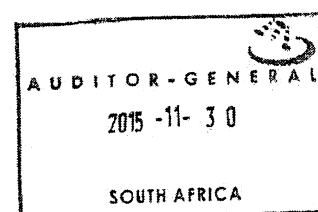
The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs. The assumptions used are as follows:

	Porterville	Piketberg	Aurora	Redelinghuys
Area (m ²)	55,022	57,000	7,370	1,340
Preliminary and general (Rand)	2,325,505	2,574,047	379,405	139,535
Site Preparation (Rand)	128,201	132,810	17,172	3,122
Storm Water Control Measures (Rand)	1,995,657	2,559,012	459,585	412,741
Capping (Rand)	13,169,636	13,678,000	1,768,060	328,920
Leachate Management (Rand)	502,258	744,100	198,770	108,672
Fencing (Rand)	815,000	1,272,125	266,450	143,225
Other (Rand)	290,000	305,000	290,000	290,000
Contingencies (Rand)	1,893,626	2,096,009	308,944	113,622
Engineering (Rand)	1,562,241	1,729,208	254,879	93,738
Construction Monitoring (Rand)	853,231	894,646	387,780	446,880

The municipality has an obligation to rehabilitate landfill sites at the end of the expected useful life of the asset. Total cost and estimated date of decommission of the sites are as follows:

	Estimated decommission date	2015 R	2014 R
Location			
Porterville	2025	35,924,980	12,478,983
Piketberg	2025	39,654,120	11,199,810
Aurora	2025	6,611,021	1,371,368
Redelinghuys	2025	3,178,714	1,539,636
		85,378,835	26,589,797

5. NON-CURRENT EMPLOYEE BENEFITS		
Provision for Post Retirement Health Care Benefits	32,904,339	28,997,049
Provision for Long Service Awards	4,422,378	4,009,734
Total Non-current Employee Benefits	37,326,717	33,006,783
Post Retirement Health Care Benefits		
Balance 1 July	29,840,133	23,640,225
Contribution for the year	4,454,418	3,307,205
Expenditure for the year	(947,434)	(877,009)
Actuarial Loss/(Gain)	474,118	3,769,712
Total provision 30 June	33,821,235	29,840,133
Less: Transfer of Current Portion to Current Provisions - Note 7	(916,896)	(843,084)
Balance 30 June	32,904,339	28,997,049



BERGRIVIER MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
<u>Long Service Awards</u>		
Balance 1 July	4,474,425	3,997,308
Contribution for the year	722,125	803,187
Expenditure for the year	(490,602)	(310,326)
Actuarial Loss/(Gain)	275,672	(15,744)
Total provision 30 June	4,981,620	4,474,425
Less: Transfer of Current Portion to Current Provisions - Note 7	(559,242)	(464,691)
Balance 30 June	4,422,378	4,009,734

5.1 **Provision for Post Retirement Health Care Benefits**

The Post Retirement Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service (employee) members	169	171
In-service (employee) non-members	212	196
Continuation members (e.g. Retirees, widows, orphans)	28	27
Total Members	409	394

	2015 R	2014 R
The liability in respect of past service has been estimated to be as follows:		
In-service members	17,257,080	15,045,458.00
In-service non-members	3,886,021	3,250,734.00
Continuation members	12,678,134	11,543,941.00
Total Liability	33,821,235	29,840,133.00

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2013 R	2012 R	2011 R
In-service members	10,732,043	8,879,531	7,355,727.00
In-service non-members	2,363,705	1,972,242	1,725,417.00
Continuation members	10,524,477	9,516,055	7,926,579.00
Total Liability	23,640,225	20,367,828	17,007,723.00

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

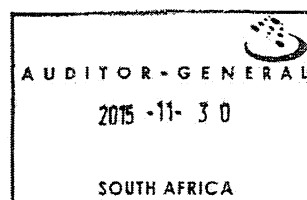
Bontas
Hosmed
LA Health
Key Health, and
SAMVU Medical Aid

The Current-service Cost for the ensuing year is estimated to be R1 926 749, whereas the Interest Cost for the next year is estimated to be R3 023 731.

	2015 %	2014 %
Key actuarial assumptions used:		
i) Rate of Interest		
Discount rate	9.06%	9.18%
Health Care Cost Inflation Rate	8.12%	8.31%
Net Effective Discount Rate	0.87%	0.80%

ii) Actuarial Valuation Method

The Projected Unit Credit Method has been used to value the liability.



BERGRIVIER MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

iii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

iv) Normal retirement age

The normal retirement age for employees of the municipality is 63 years

The amounts recognised in the Statement of Financial Position are as follows:

	2015 R	2014 R
Present value of fund obligations	33,821,235	29,840,133
Fair value of plan assets	-	-
	<u>33,821,235</u>	<u>29,840,133</u>
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present Value of unfunded obligations	-	-
Net liability/(asset)	<u>33,821,235</u>	<u>29,840,133</u>

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	29,840,133	23,640,225
Total expenses	3,506,984	2,430,196
Current service cost	1,753,521	1,223,747
Interest Cost	2,700,897	2,083,458
Benefits Paid	(947,434)	(877,009)
Actuarial (gains)/losses	474,118	3,769,712
Present value of fund obligation at the end of the year	<u>33,821,235</u>	<u>29,840,133</u>

Reconciliation of fair value of plan assets:

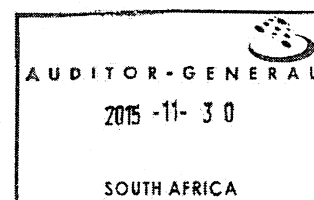
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contributions: Employer	-	-
Contributions: Employee	-	-
Past Service Costs	-	-
Actuarial (gains)/losses	-	-
Benefits Paid	-	-
Fair value of plan assets at the end of the year	<u>-</u>	<u>-</u>

Sensitivity Analysis on the Accrued Liability on 30 June 2015

Assumption	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Central Assumptions	21,143	12,676	33,821	0.0%

The effect of movements in the assumptions are as follows:

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Health care inflation	1%	25.71	14.09	39.81	18%
Health care inflation	-1%	17.47	11.48	28.95	-14%
Post-retirement mortality	-1 year	21.91	13.18	35.09	4%
Average retirement age	-1 year	23.27	12.68	35.94	5%
Withdrawal Rate	-50%	17.67	12.68	30.35	-10%



BERGRIVIER MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2016

Assumption	Current Service Cost (Rm)	Interest Cost (R)	Total (R)	% change
Central Assumptions	1,926,700	3,023,700	4,950,400	0.00%

The effect of movements in the assumptions are as follows:

Assumption	Change	Current Service Cost (Rm)	Interest Cost (R)	Total (R)	% change
Health care inflation	1%	2,394,400	3,565,900	5,960,300	20%
Health care inflation	-1%	1,553,900	2,582,100	4,136,000	-16%
Discount rate	1%	1,559,600	2,656,800	4,416,500	-11%
Discount rate	-1%	2,408,900	3,201,500	5,610,400	13%
Post-retirement mortality	-1 year	1,997,100	3,138,400	5,135,500	4%
Average retirement age	-1 year	2,154,000	3,216,000	5,370,000	8%
Withdrawal Rate	-50%	1,596,700	2,709,200	4,305,900	-13%

Experience adjustments were calculated as follows:

	2015 R	2014 R
Liabilities: (Gain) / loss		
Assets: Gain / (loss)	474,118	3,769,712

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2013 R	2012 R	2011 R
Liabilities: (Gain) / loss			
Assets: Gain / (loss)	1,448,585	1,655,114	2,478,639

5.2 Provision for Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. As at year end, 381 employees were eligible for Long Service Bonuses.

The Current-service Cost for the ensuing year is estimated to be R439 518 whereas the Interest Cost for the next year is estimated to be R382 534.

Key actuarial assumptions used:

i) Rate of interest

	2015 %	2014 %
Discount rate	8.13%	8.11%
General Salary Inflation (long-term)	7.12%	7.19%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	0.94%	0.85%

The amounts recognised in the Statement of Financial Position are as follows:

	2015 R	2014 R
Present value of fund obligations	4,981,620	4,474,425
Fair value of plan assets	-	-
Unrecognised past service cost	4,981,620	4,474,425
Unrecognised actuarial gains/(losses)	-	-
Present value of unfunded obligations	-	-
Net liability/(asset)	4,981,620	4,474,425

BERGRIVIER MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	4,474,425	3,997,308
Total expenses	231,523	492,861
Current service cost	377,826	516,462
Interest Cost	344,300	286,725
Benefits Paid	(490,603)	(310,326)
Actuarial (gains)/losses	275,672	(15,744)
Present value of fund obligation at the end of the year	<u>4,981,620</u>	<u>4,474,425</u>

Reconciliation of fair value of plan assets:

Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contribution: Employer	-	-
Contribution: Employee	-	-
Past service costs	-	-
Actuarial (gains)/losses	-	-
Benefits paid	-	-
Fair value of plan assets at the end of the year	<u>-</u>	<u>-</u>

Sensitivity Analysis on the Unfunded Accrued Liability on 30 June 2015

Assumption	Change	Liability (Rm)	% change
Central assumptions		4,982	
General salary inflation	1%	5,359	8%
General salary inflation	-1%	4,643	-7%
Average retirement age	-2 yrs	4,243	-15%
Average retirement age	2 yrs	5,595	12%
Withdrawal rates	-50%	5,860	18%

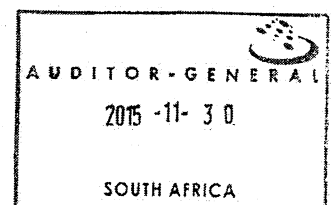
Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2016

Assumption	Current Service Cost (Rm)	Interest Cost (R)	Total (R)	% change
Central Assumptions	439,500	382,500	822,000	0%

The effect of movements in the assumptions are as follows:

Assumption	Change	Current Service Cost (Rm)	Interest Cost (R)	Total (R)	% change
Health care inflation	1%	481,900	413,100	895,000	9%
Health care inflation	-1%	402,100	355,200	757,300	-8%
Discount rate	1%	404,500	397,400	801,900	-2%
Discount rate	-1%	479,900	364,100	844,000	3%
Post-retirement mortality	-1 year	382,400	322,500	704,900	-14%
Average retirement age	-1 year	495,000	432,400	927,400	13%
Withdrawal Rate	-50%	577,900	453,900	1,031,800	26%

	2015 R	2014 R
Experience adjustments were calculated as follows:		
Liabilities: (Gain) / loss	275,672	(15,744)
Assets: Gain / (loss)		



BERGRIVIER MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2013 R	2012 R	2011 R
Liabilities: (Gain) / loss			
Assets: Gain / (loss)	110	307,517	(78,977)

5.3 Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

CAPE JOINT PENSION FUND

The contribution rate payable is 9%, by the members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2014 revealed that the fund has a funding level of 101.7% (30 June 2013 - 99.2%).

Contributions paid recognised in the Statement of Financial Performance

507,787	371,957
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CAPE JOINT RETIREMENT FUND

The contribution rate paid by the members (9.0%) and Council (18.0%). The last actuarial valuation performed for the year ended 30 June 2013 revealed that the fund is in a sound financial position with a funding level of 99.9% (30 June 2013 - 105.1%).

Contributions paid recognised in the Statement of Financial Performance

6,409,282	5,612,310
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DEFINED CONTRIBUTION FUNDS

Council contribute to the Government Employees Pension Fund, Municipal Council Pension Fund, IMATU Retirement Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

Contributions paid recognised in the Statement of Financial Performance

Government Employees Pension Fund
Municipal Councilors Pension Fund
SAMWU National Provident Fund

	15,585
228,718	212,746
1,916,384	1,849,306
2,145,102	2,077,638

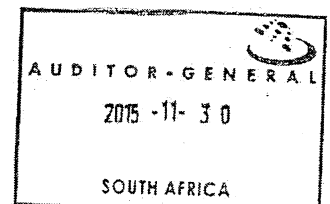
6. CONSUMER DEPOSITS

Water and Electricity

2,872,801	2,678,978
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Total Consumer Deposits

2,872,801	2,678,978
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BERGRIVIER MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
7. CURRENT EMPLOYEE BENEFITS		
Staff Bonuses	2,403,836	2,195,406
Staff Leave	4,462,250	3,895,057
Current Portion of Non-Current Provisions	1,476,138	1,307,775
Current Portion of Post Retirement Benefits - Note 5	916,856	843,084
Current Portion of Long-Service Provisions - Note 5	559,242	464,591
Total Provisions	8,342,224	7,398,238
7.1 Staff Bonuses		
Balance at beginning of year	2,195,406	1,945,499
Contribution to current portion	4,143,676	3,831,839
Expenditure incurred	(3,935,246)	(3,681,932)
Balance at end of year	2,403,836	2,195,406
Bonuses are being paid to all municipal staff, excluding section 57 employees. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.		
7.2 Staff Leave		
Balance at beginning of year	3,895,057	3,532,934
Contribution to current portion	880,450	751,287
Expenditure incurred	(313,257)	(389,164)
Balance at end of year	4,462,250	3,895,057
Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.		
8. PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade Payables	16,586,336	10,688,633
Interest Accrued	53,954	44,067
Payments received in advance	3,017,242	2,501,947
Retentions	1,824,625	1,655,042
Other Creditors	4,906,605	3,984,235
Deposits: Other	604,167	636,977
Correction of Error - Note 40.3	-	(113,839)
Total Trade Payables	27,193,139	19,397,062

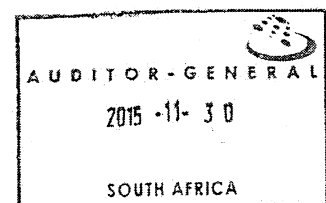
Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of trade and other payables approximates its fair value.

All payables are unsecured.

Sundry deposits include Hall, Builders and Housing Deposits.



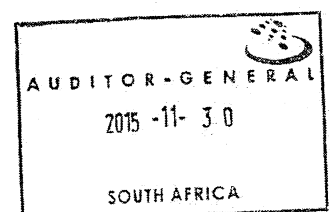
BERGRIVIER MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
9. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS		
Unspent Grants	1,487,029	7,067,211
National Government Grants	1,348,071	4,855,817
Provincial Government Grants	55,822	2,169,242
District Municipality	-	42,152
Other Sources	83,136	-
Less: Unpaid Grants	(80,770)	-
National Government Grants	-	-
Provincial Government Grants	(80,770)	-
District Municipality	-	-
Other Sources	-	-
Total Conditional Grants and Receipts	1,406,259	7,067,211
See appendix "E" for reconciliation of grants from other spheres of government. The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.		
Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.		
10. TAXES		
10.1 VAT output in suspense	(5,430,641)	(4,888,673)
Less: Contribution to provision for impairment of trade receivables from exchange transactions	1,392,136	1,159,358
Total VAT Payable	(4,038,505)	(3,729,315)
10.2 VAT Receivable	2,522,477	2,296,536
VAT input in suspense	1,375,506	1,743,248
Total VAT Receivable	3,897,983	4,039,785
10.3 Net VAT (Payable)/Receivable	(140,522)	310,470

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

11. SHORT-TERM LOANS

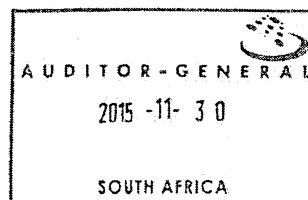
The Municipality has no short term loans.



12. PROPERTY, PLANT AND EQUIPMENT

12.1 30 JUNE 2015

	Cost Evaluation				Accumulated Depreciation and Impairment Losses				Carrying Value
	Opening Balance	Correction of Error	Additions	Under Construction	Transfers	Disposal/ Impairment	Closing Balance	Depreciation	
Infrastructure									
Roads, Pavements & Bridges	59 781 822	-	2 756 833	5 549 512	-	-	68 067 967	2 373 723	47 203 867
Electricity Transmission & Retification	36 627 417	-	1 141 774	2 223 881	-	-	39 993 072	1 030 266	39 969 360
Water Dams & Reservoirs	44 804 808	-	1 593 033	-	-	-	46 397 841	1 752 121	32 250 249
Sewage Purification	67 518 770	-	1 895 612	11 861 916	-	(117 128)	81 159 170	3 357 216	69 732 506
Landfill Sites	25 284 045	-	-	-	-	27 118 653	52 142 728	64 639	33 659 231
Other	1 160 872	-	19 813	-	-	-	1 180 685	-	371 494
Community Assets									
Parks & Gardens	235 167 134	-	7 407 155	19 635 309	-	27 001 555	289 211 153	10 019 639	215 604 324
Sportsfields & Stadiums	604 918	-	-	-	-	-	604 918	26 975	310 752
Community Halls	7 184 084	-	49 200	969 881	-	-	8 203 164	292 300	5 461 311
Libraries	1 479 316	-	-	-	-	-	1 479 316	49	852 853
Recreational Facilities	4 684 753	-	-	-	-	-	4 684 753	125 070	3 277 865
Clinics	14 465 580	-	84 126	-	-	-	14 549 706	456 938	10 043 756
Museums & Art Galleries	700 000	-	-	-	-	-	700 000	17 951	124 445
Other	1 575 630	-	-	-	-	-	1 575 630	44 193	1 085 816
Other Assets									
General Vehicles	31 480 061	-	305 925	969 981	-	-	32 750 967	1 046 639	22 850 786
Specialised Vehicles	9 856 343	-	616 049	-	-	-	10 472 392	778 328	3 334 375
Plant & Equipment	5 035 353	-	2 586 203	-	-	-	5 035 353	501 124	2 565 433
Furniture and Other Office Equipment	9 311 447	-	1 739 324	-	-	-	11 050 771	919 059	6 452 943
Civic Land and Buildings	8 105 293	-	-	-	-	-	8 105 293	636 248	4 542 140
Other Land and Buildings	24 260 445	-	-	-	-	-	24 260 445	746 717	19 582 484
Other	48 879 406	-	752 129	-	(75 298)	-	50 556 236	450 445	4 900 851
Leases	2 518 005	-	581 030	-	-	-	3 099 035	219 921	1 588 717
	605 787	-	-	-	-	(28 539)	778 237	275 484	562 958
	109 772 079	-	6 276 344	-	(75 298)	(28 539)	115 944 525	4 538 375	32 955 357
Total	378 419 274	-	13 984 434	20 605 280	(75 298)	26 972 956	437 906 655	15 594 853	319 100 478

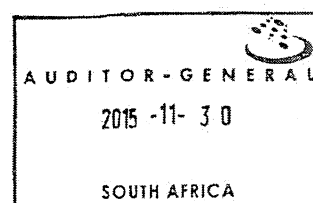


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BERGRIVER MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
12.3 Secured Property, Plant and Equipment		
Leased Property, Plant and Equipment of R 215 779 is secured for leases as set out in Note 3.		
13. INVESTMENT PROPERTY		
Net Carrying amount at 1 July	12,868,760	12,868,760
Cost	12,868,760	13,728,760
Correction of Error - Note 40.5	-	(860,000)
Accumulated Depreciation	-	-
Accumulated Impairment Loss	-	-
Acquisitions	-	-
Transfer to Inventory - Note 17	(7,955)	-
Depreciation for the year	-	-
Impairment loss	-	-
Net Carrying amount at 30 June	12,860,805	12,868,760
Cost	12,860,805	12,868,760
Accumulated Depreciation	-	-
Accumulated Impairment Loss	-	-
Revenue derived from the rental of investment property	147,368	148,933
There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.		
There are no contractual obligation to purchase, construct or develop investment property or for repairs, maintenance or enhancements.		
14. INTANGIBLE ASSETS		
Net Carrying amount at 1 July	806,129	837,958
Cost	1,623,916	1,477,022
Accumulated Amortisation	(817,787)	(639,064)
Acquisitions	599,314	146,894
Amortisation	(230,320)	(178,723)
Net Carrying amount at 30 June	1,175,123	806,129
Cost	2,223,232	1,623,916
Accumulated Amortisation	(1,048,109)	(817,787)
Accumulated Impairment Loss	-	-
No intangible asset were assed having an indefinite useful life.		
There are no internally generated intangible assets at reporting date.		
There are no intangible assets whose title is restricted.		
There are no intangible assets pledged as security for liabilities.		
There are no contractual commitments for the acquisition of intangible assets.		
15. HERITAGE ASSETS		
Net Carrying amount at 1 July	454,012	454,012
Cost	454,012	454,012
Accumulated Impairment Loss	-	-
Acquisitions	-	-
Disposals	-	-
Net Carrying amount at 30 June	454,012	454,012
Cost	454,012	454,012
Accumulated Impairment Loss	-	-
There are no Heritage Assets pledged as security for liabilities.		



BERGRIVIER MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
16. LONG-TERM RECEIVABLES		
Receivables with repay arrangements - At amortised cost	2,039,521	3,532,712
Housing Loans - At amortised cost	270,028	297,026
	<u>2,309,549</u>	<u>3,829,740</u>
Less: Unamortised Discount on Loans	-	-
Balance 1 July	-	(906)
Adjustment for the period	-	906
	<u>2,309,549</u>	<u>3,829,740</u>
Less: Current portion transferred to current receivables	(1,325,799)	(2,275,418)
Receivables with repay arrangements - At amortised cost	(1,168,799)	(2,091,418)
Housing Loans - At amortised cost	(157,000)	(324,000)
Correction of Error - Note 40.6	-	140,000
	<u>-</u>	<u>-</u>
Total Long Term Receivables	<u><u>983,750</u></u>	<u><u>1,554,322</u></u>
Debtors with a total outstanding balance of R2 039 521 (2014 - R3 532 713) have arranged to settle their account over an re-negotiated period. Total payments to the value of R870 722 (2014 - R1 441 294) have been deferred beyond 12 months after year end and subsequently included as part of long-term receivables.		
17. INVENTORY		
Fuel - At cost	196,661	226,190
Water - At purification cost	80,551	74,414
Spare Parts - At cost	2,243,305	1,611,506
Unsold Properties held for resale - At cost	83,254	-
Housing - Top Structure	203,440	-
Correction of Error - Note 40.7	-	284,995
Total Inventory	<u><u>2,807,211</u></u>	<u><u>2,197,105</u></u>
The municipality recognised only purification costs in respect of non-purchased purified water inventory. Inventory recognise as an expense during the year.		
Fuel - At cost	2,825,782	2,932,182
Water - At purification cost	9,854,878	8,027,397
Spare Parts - At cost	1,329,604	1,108,910
	<u><u>14,010,264</u></u>	<u><u>12,068,489</u></u>
No inventory assets were pledged as security for liabilities.		
18. RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Electricity	11,339,334	10,862,471
Water	9,093,075	7,523,610
Housing Rentals	31,276	83,306
Refuse	10,431,218	8,897,938
Sewerage	7,125,208	5,810,357
Other Arrears	6,991,249	9,092,704
Total: Receivables from exchange transactions (before provision)	<u>45,011,360</u>	<u>42,300,386</u>
Less: Provision for Debt Impairment	(3,994,600)	(5,694,237)
Total: Receivables from exchange transactions (after provision)	<u><u>41,016,760</u></u>	<u><u>36,606,149</u></u>

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of consumer debtors are not performed in terms of GRAP 104 on initial recognition.

The fair value of receivables approximate their carrying value.

BERGRIVIER MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

(Electricity): Ageing

	2015 R	2014 R
Current (0 - 30 days)	5,655,069	5,079,912
31 - 60 Days	1,491,141	1,908,906
61 - 90 Days	409,287	754,415
+ 90 Days	3,783,837	3,149,238
Total	11,339,334	10,892,471

(Water): Ageing

Current (0 - 30 days)	1,896,172	1,333,334
31 - 60 Days	926,252	917,393
61 - 90 Days	528,606	416,794
+ 90 Days	5,742,045	4,856,089
Total	9,093,075	7,523,610

(Housing): Ageing

Current (0 - 30 days)	18,549	3,791
31 - 60 Days	473	1,897
61 - 90 Days	1,753	1,707
+ 90 Days	10,501	75,911
Total	31,276	83,306

(Refuse): Ageing

Current (0 - 30 days)	1,447,603	1,302,838
31 - 60 Days	763,107	661,799
61 - 90 Days	510,186	407,824
+ 90 Days	7,710,320	6,525,477
Total	10,431,216	8,897,938

(Sewerage): Ageing

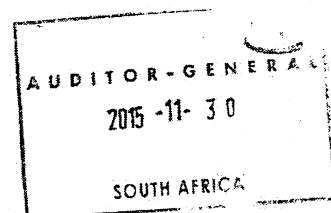
Current (0 - 30 days)	862,250	799,049
31 - 60 Days	488,199	421,962
61 - 90 Days	330,858	272,452
+ 90 Days	5,443,901	4,316,894
Total	7,125,208	5,810,357

(Other): Ageing

Current (0 - 30 days)	1,319,796	4,657,875
31 - 60 Days	65,811	172,179
61 - 90 Days	(52,608)	140,039
+ 90 Days	5,658,250	4,122,611
Total	6,991,249	9,092,704

(Total): Ageing

Current (0 - 30 days)	11,199,439	13,176,799
31 - 60 Days	3,734,983	4,084,136
61 - 90 Days	1,728,084	1,993,231
+ 90 Days	28,348,854	23,046,220
Total	45,011,360	42,300,386



BERGRIVIER MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Reconciliation of Provision for Debt Impairment

	2015 R	2014 R
Balance at beginning of year		
Contribution to provision	5,694,237	5,265,546
VAT on provision	2,319,300	525,456
Bad Debts written off against provision	232,778	232,162
Reversal of provision	(4,251,715)	(328,927)
Balance at end of year	<u>3,994,600</u>	<u>5,694,237</u>

The total amount of this provision is R3 994 600 and consist of:

Services		
Other Debtors	2,618,437	4,868,862
Total Provision for Debt Impairment on Receivables from exchange transactions	<u>1,376,163</u>	<u>825,375</u>
	<u>3,994,600</u>	<u>5,694,237</u>

Ageing of amounts past due but not impaired:

1 month past due	3,734,983	4,084,136
2+ months past due	26,082,338	19,345,214
	<u>29,817,321</u>	<u>23,429,350</u>

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

19. **RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS**

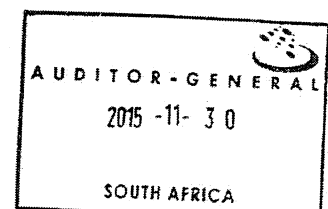
Taxes - Rates	28,488,553	26,371,099
Fines	7,518,640	2,647,093
Other Receivables	3,317,428	1,718,534
Correction of Error - Note 40.8	-	186,973
Less: Provision for Debt Impairment	<u>39,324,621</u>	<u>30,923,699</u>
Total Receivables from non-exchange transactions	<u>(14,282,012)</u>	<u>(10,635,338)</u>
	<u>25,042,609</u>	<u>20,288,361</u>

The fair value of other receivables approximate their carrying value.

Rates debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of rates debtors are not performed in terms of GRAP 104 on initial recognition.

(Rates): Ageing

Current (0 - 30 days)	3,989,206	3,784,949
31 - 60 Days	2,185,249	2,519,601
61 - 90 Days	1,688,704	847,900
+ 90 Days	20,625,394	19,218,649
Total	<u>28,488,553</u>	<u>26,371,099</u>



BERGRIVIER MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
Reconciliation of Provision for Debt Impairment		
Balance at beginning of year	10,635,338	6,676,104
Contribution to provision	4,224,814	3,959,234
Bad Debts written off against provision	(660,630)	-
Reversal of provision	-	-
Change in Estimate of Traffic Fines	82,690	-
Balance at end of year	14,282,012	10,635,338

The total amount of this provision is R14 282 012 and consist of:

Taxes	7,942,676	8,451,985
Fines	6,439,336	2,183,353
Total Provision for Debt Impairment on Trade Receivables from non-exchange transactions	14,282,012	10,635,338

Ageing of amounts past due but not impaired:

1 month past due	2,185,249	2,519,601
2+ months past due	14,471,422	11,614,564
	16,656,671	14,134,165

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

The outstanding fine receivable balance at year end is reduced to its recoverable amount by recognising a provision for impairment against the receivable raised. This is considered to be a subsequent event. The provision for impairment is based on current and past collection rates applicable to fines.

20. OPERATING LEASE ARRANGEMENTS

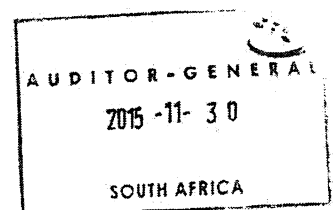
20.1 The Municipality as Lessor

Operating Lease Asset	81,069	79,199
Reconciliation		
Balance at the beginning of the year	79,199	74,759
Movement during the year	1,870	4,440
Balance at the end of the year	81,069	79,199

At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:

Up to 1 Year	207,457	249,747
1 to 5 Years	415,023	549,676
More than 5 Years	1,289,997	1,362,639
Total Operating Lease Arrangements	1,912,517	2,162,062

This operating lease income determined from contracts that have a specific condition income and does not include leases which has a undetermined conditional income.



BERGRIVIER MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

21. BANK ACCOUNTS	2015 R	2014 R
21.1 <u>Cash and Cash Equivalents</u>		
Current Accounts		
Call Investments Deposits	11,770,296	18,691,752
Cash Floats	36,559,660	15,011,815
Total Cash and Cash Equivalents - Assets	14,070	12,570
	<u>48,344,026</u>	<u>33,716,137</u>

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.

The municipality has the following bank accounts:

Current Accounts

ABSA Bank Limited - Account Number 11 8056 0153 (Primary Bank Account);
ABSA Bank Limited - Account Number 9125 109 603 (Traffic Account);

11,763,646	18,690,152
6,650	1,600
<u>11,770,296</u>	<u>18,691,752</u>

Call Investment Deposits

ABSA Bank Limited - Account Number 9296 511 113 (Cash Account);
Nedbank - Account Number 03/7881004312/000024 (32 Day Deposit);
Investec - Account Number 459271 - 450 (Fixed Deposit);
Investec - Account Number 459271 - 452 (Fixed Deposit);
Standard Bank - Account Number 428790590 (Fixed Deposit);
Nedbank - Account Number 03/7881004312/000023 (6 Months Deposit);
ABSA - Account Number 20 -7489 - 1704 (Fixed Deposit);

5,287,891	5,003,630
5,324,870	5,004,110
5,314,706	5,004,075
5,160,137	-
5,152,925	-
5,160,595	-
5,158,536	-
<u>36,559,660</u>	<u>15,011,815</u>

Details of current accounts are as follow:

ABSA Bank Limited - Account Number 11 8056 0153 (Primary Bank Account):
Cash book balance at beginning of year
Cash book balance at end of year

18,690,152	11,327,242
<u>11,763,646</u>	<u>18,690,152</u>

Bank statement balance at beginning of year
Bank statement balance at end of year

18,021,019	11,011,674
<u>10,871,548</u>	<u>18,021,019</u>

ABSA Bank Limited - Account Number 9125 109 603 (Traffic Account):
Cash book balance at beginning of year
Cash book balance at end of year

1,600	11,745
<u>6,650</u>	<u>1,600</u>

Bank statement balance at beginning of year
Bank statement balance at end of year

1,600	11,745
<u>6,650</u>	<u>1,600</u>

Details of call investment accounts are as follow:

ABSA Bank Limited - Account Number 9296 511 113 (Cash Account):
Cash book balance at beginning of year
Cash book balance at end of year

5,003,630	-
<u>5,287,891</u>	<u>5,003,630</u>

Bank statement balance at beginning of year
Bank statement balance at end of year

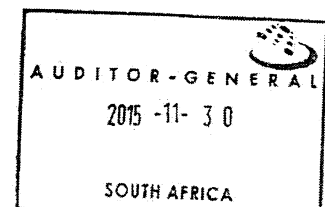
5,003,630	-
<u>5,287,892</u>	<u>5,003,630</u>

Nedbank - Account Number 03/7881004312/000024 (32 Day Deposit):
Cash book balance at beginning of year
Cash book balance at end of year

5,004,110	-
<u>5,324,870</u>	<u>5,004,110</u>

Bank statement balance at beginning of year
Bank statement balance at end of year

5,004,110	-
<u>5,324,870</u>	<u>5,004,110</u>



BERGRIVIER MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
Investec - Account Number 459271 - 450 (Fixed Deposit):		
Cash book balance at beginning of year	5,004,075	-
Cash book balance at end of year	5,314,706	5,004,075
Bank statement balance at beginning of year	5,004,075	-
Bank statement balance at end of year	5,314,706	5,004,075
Investec - Account Number 459271 - 452 (Fixed Deposit):		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	5,160,137	-
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	5,160,137	-
Standard Bank - Account Number 428790590 (Fixed Deposit):		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	5,152,925	-
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	5,152,925	-
Nedbank - Account Number 03/7881004312/000023 (6 Months Deposit):		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	5,160,595	-
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	5,160,595	-
ABSA - Account Number 20 - 7489 - 1704 (Fixed Deposit):		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	5,158,536	-
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	5,158,536	-

22. PROPERTY RATES

Actual

Rateable Land and Buildings

Less: Rebates

Total Assessment Rates

52,225,636	47,880,456
(3,017,590)	(2,653,794)
49,208,046	45,226,662

Valuations - 1 July 2014

Rateable Land and Buildings

Residential Property
Commercial Property
Industrial Property
Public Benefits Organisations
Agricultural Purposes
State - National/ Provincial Services
Municipal Property

Total Assessment Rates

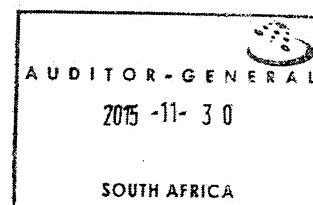
8,174,200,200	8,114,758,200
3,903,618,000	3,852,649,000
559,828,000	563,837,000
236,186,000	231,081,000
207,822,000	207,782,000
3,173,904,200	3,173,214,200
4,670,000	4,670,000
79,174,000	81,525,000
8,174,200,200	8,114,758,200

Assessment Rates are levied on the value of land and improvements, which valuation is performed every 4 years. The last valuation came into effect on 1 July 2013. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions and also to accommodate growth in the rate base due mostly to private development.

Basic Rate

Residential
Commercial/Industrial
Agricultural

0.919c/R	0.851c/R
1.011c/R	0.936c/R
0.230c/R	0.213c/R



BERGRIVIER MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Rates are levied annually and monthly. Monthly rates are payable by the 25th of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly instalments.

Rebates were granted on land with buildings used solely for dwellings purposes as follows:

Residential - R5 000 on the valuation is exempted

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission

23. GOVERNMENT GRANTS AND SUBSIDIES

Unconditional

Equitable Share

Conditional

Grants and Donations
 LG SETA

Total Government Grants and Subsidies

Government Grants and Subsidies - Operating
 Government Grants and Subsidies - Capital
 Other

Total Government Grants and Subsidies

Revenue recognised per vote as required by Section 123 (c) of the MFMA:

Equitable share

Administration
 Council
 Strategic Services
 Financial Administration
 Housing
 Library
 Planning and Development
 Roads and Stormwater
 Sewerage
 Sportgrounds & Swimming Pools
 Water
 Electricity

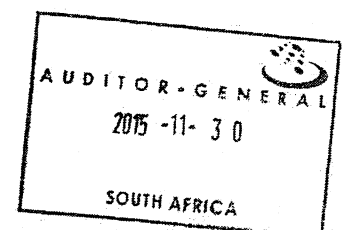
Total Government Grants and Subsidies

23.1 Equitable Share

Opening balance
 Correction of Error
 Grants received
 Interest received
 Repaid to National Revenue Fund
 Conditions met - Operating
 Conditions met - Capital
 Conditions still to be met

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

2015 R	2014 R
27,489,000	24,815,000
38,213,817	31,602,951
38,020,888	31,360,106
192,929	242,845
65,702,817	56,417,951
40,981,104	32,866,471
24,528,783	23,308,636
192,929	242,845
65,702,816	56,417,952
27,489,000	24,815,000
617,435	-
420,000	1,277,600
291,750	2,245,127
2,159,239	6,129,041
7,532,152	4,018,000
5,854,000	-
150,000	1,053,000
1,217,493	16,365,860
3,433,789	405,000
969,981	109,323
13,067,978	-
2,500,000	-
65,702,817	56,417,951
-	-
-	-
27,489,000	24,815,000
-	-
-	-
(27,489,000)	(24,815,000)
-	-
-	-



BERGRIVIER MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
23.2 Local Government Financial Management Grant (FMG)		
Opening balance	-	-
Correction of Error	-	-
Grants received	1,450,000	1,300,000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(1,150,000)	(1,283,598)
Conditions met - Capital	(300,000)	(16,402)
Conditions still to be met	-	-

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

23.3 Municipal Systems Improvement Grant (MSIG)		
Opening balance	-	-
Correction of Error	-	-
Grants received	934,000	890,000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(334,000)	(742,064)
Conditions met - Capital	(600,000)	(147,936)
Conditions still to be met	-	-

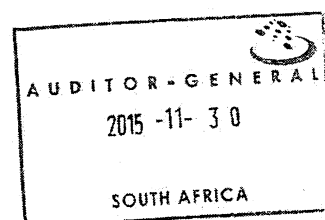
The Municipal Systems Improvement Grant was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.

23.4 Municipal Infrastructure Grant (MIG)		
Opening balance	4,855,817	-
Correction of Error	-	-
Grants received	13,764,000	21,331,000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-2,121,092	-
Conditions met - Capital	-15,150,656	(16,475,183)
Conditions still to be met	1,348,069	4,855,817

The Municipal Infrastructure Grant was used to upgrade infrastructure in previously disadvantaged areas.

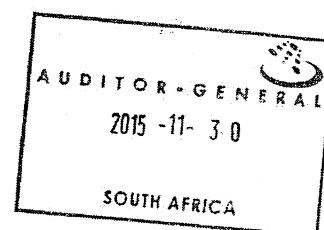
23.5 Expanded Public Works Programme		
Opening balance	-	-
Correction of Error	-	-
Grants received	1,147,000	1,000,000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(1,147,000)	(1,000,000)
Conditions met - Capital	-	-
Conditions still to be met	-	-

The grant was used for job creation.



BERGRIVIER MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
23.6 Integrated National Electrification (Municipal)		
Opening balance	-	-
Correction of Error	-	-
Grants received	-	-
Interest received	2,100,000	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	(2,100,000)	-
	<u>-</u>	<u>-</u>
The National Electrification Grant was used for electrical connections in previously disadvantaged areas		
23.7 Housing Grant		
Opening balance	1,948,453	(161,702)
Correction of Error	-	-
Grants received	5,502,330	8,211,833
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	(1,982,040)	-
Conditions still to be met	(5,549,512)	(6,101,678)
	<u>(80,769)</u>	<u>1,948,453</u>
The Housing grant was utilised for the development of erven and the erection of top structures.		
23.8 CDW Contribution		
Opening balance	-	-
Correction of Error	-	-
Grants received	-	-
Interest received	34,976	32,800
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	(34,976)	(32,800)
Conditions still to be met	-	-
	<u>-</u>	<u>-</u>
The CDW Contribution was used to finance the activities of Community Development Workers.		
23.9 Housing Consuming Education		
Opening balance	4,479	31,842
Correction of Error	-	-
Grants received	-	-
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	(589)	(25,683)
Conditions still to be met	-	(1,670)
	<u>3,880</u>	<u>4,479</u>
The Housing Consuming Education Grant was used for public awareness programs.		



BERGRIVIER MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

23.10 <u>Finance Management Grant</u>	2015 R	2014 R
Opening balance	215,311	118,593
Correction of Error	-	-
Grants received	820,000	1,050,000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	(984,368)	(938,119)
Conditions still to be met	-	(14,163)
	<u>51,943</u>	<u>216,311</u>

The Finance Management Grant was used for upgrading of financial system, reviewing of budget related policies, supply chain databases cleansing, risk management and internal audit services.

23.11 <u>Proclaimed Roads</u>		
Opening balance	-	-
Correction of Error	-	-
Grants received	-	-
Interest received	70,493	53,000
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	(70,493)	(53,000)
Conditions still to be met	-	-
	<u>-</u>	<u>-</u>

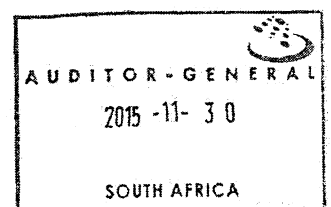
The grant was used for maintenance of provincial roads.

23.12 <u>Municipal Infrastructure Support Grant</u>		
Opening balance	-	-
Correction of Error	-	-
Grants received	-	-
Interest received	600,000	405,000
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	(600,000)	-
Conditions still to be met	-	(405,000)
	<u>-</u>	<u>-</u>

The grant was used for installing of flood lights at Redelinghuys sport grounds.

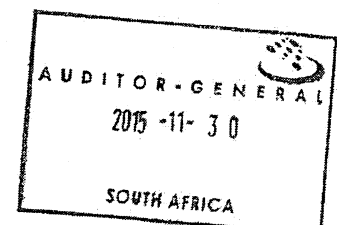
23.13 <u>Mandela Memorialisation Support Grant</u>		
Opening balance	-	-
Correction of Error	-	-
Grants received	-	-
Interest received	-	100,000
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	(100,000)
Conditions still to be met	-	-
	<u>-</u>	<u>-</u>

The grant was used for transport to Nelson Mandela memorial service in Cape Town.



BERGRIVIER MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

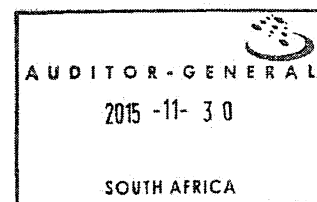
	2015 R	2014 R
23.14 Library Grant		
Opening balance	-	-
Correction of Error	-	-
Grants received	-	-
Interest received	5,854,000	4,018,000
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	(5,025,385)	(3,871,396)
Conditions still to be met	(825,515)	(146,604)
	<u>-</u>	<u>-</u>
The grant was used for appointment of library staff and operating costs.		
23.15 West Coast DM - LED		
Opening balance	-	-
Correction of Error	42,151	46,952
Grants received	-	-
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	(42,151)	(4,801)
Conditions still to be met	-	-
	<u>-</u>	<u>42,151</u>
The grant was used for Local Economic Development facilitation.		
23.16 Lotto: Piketberg Sport Field		
Opening balance	-	-
Correction of Error	-	(493,000)
Grants received	-	-
Interest received	-	493,000
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	-	-
	<u>-</u>	<u>-</u>
The grant is for the developing of a sport field at Piketberg.		
23.17 Cerebos Ltd		
Opening balance	-	-
Correction of Error	-	-
Grants received	-	-
Interest received	83,136	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	-	-
	<u>83,136</u>	<u>-</u>
The grant is for the developing of a sport field at Piketberg.		
23.18 Total Grants		
Opening balance	-	-
Correction of Error	7,067,211	(457,315)
Grants received	-	-
Interest received	59,848,935	63,699,633
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	(40,981,104)	(32,866,471)
Conditions still to be met/(Grant expenditure to be recovered)	(24,528,783)	(23,308,636)
	<u>1,406,259</u>	<u>7,067,211</u>



BERGRIVIER MUNICIPALITY

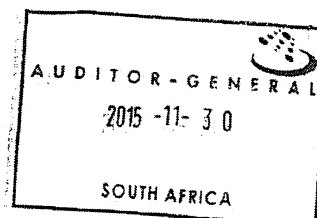
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
<u>Disclosed as follows:</u>		
Unspent Conditional Government Grants and Receipts	1,487,029	7,067,211
Unpaid Conditional Government Grants and Receipts	(80,770)	-
Total	1,406,259	7,067,211
24. CONTRIBUTED PROPERTY, PLANT AND EQUIPMENT		
Department of Environmental Affairs	55,549	-
Enviro Acsys Consulting	350,000	-
Department of Cultural Affairs and Sport: Western Cape	451,223	-
Total Contributed Property, Plant and Equipment	856,772	-
25. SERVICE CHARGES		
Electricity	78,569,391	70,920,005
Service Charges	79,130,259	74,317,445
<u>Less:</u> Income Forgone	(560,868)	(3,397,440)
Water	22,459,847	19,585,731
Service Charges	23,778,134	20,993,747
<u>Less:</u> Income Forgone	(1,318,287)	(1,408,016)
Refuse Removal	16,213,463	14,078,808
Service Charges	19,331,022	17,425,487
<u>Less:</u> Income Forgone	(3,117,559)	(3,346,679)
Sewerage and Sanitation Charges	9,639,922	8,427,345
Service Charges	11,707,794	10,699,223
<u>Less:</u> Income Forgone	(2,067,872)	(2,271,878)
Total Service Charges	126,882,623	113,011,889
Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.		
26. RENTAL OF FACILITIES AND EQUIPMENT		
Rental of facilities	3,657,275	3,199,894
Correction of Error - Note 40.4	-	(1,900)
Total Rental of Facilities and Equipment	3,657,275	3,197,994
27. INTEREST EARNED - EXTERNAL INVESTMENTS		
Bank	3,232,674	1,285,000
Total Interest Earned - External Investments	3,232,674	1,285,000
28. INTEREST EARNED - OUTSTANDING RECEIVABLES		
Receivables	3,197,469	3,247,079
Total Interest Earned - Outstanding Receivables	3,197,469	3,247,079



BERGRIVIER MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

29. OTHER INCOME	2015 R	2014 R
Admin Fees	11,834	6,820
Cemetery	263,672	238,534
Land Sales	26,316	240,195
Photocopies	47,119	47,564
Private Works	4,296	1,804
Restructuring of Defined Benefit Section of Cape Joint Pension Fund	-	1,142,249
Sale of Refuse Bags	3,193	3,566
Search Fee	-	132
Sundry Income	990,140	1,442,636
Surplus Cash	1,384	2,585
Swimming Pools	18,582	19,838
Unamortised Discount - Interest	-	906
Correction of Error - Note 40.11	-	(245,177)
Total Other Income	1,366,536	2,901,652
30. EMPLOYEE RELATED COSTS		
Employee Related Costs - Salaries and Wages	57,542,681	52,436,472
Employee Related Costs - Contributions to UIF and Pensions	10,208,699	9,252,820
Employee Related Costs - Contributions to Medical Aids	3,967,230	3,556,405
Motor Vehicle and Other Benefits and Allowances	3,508,850	3,385,341
Housing Benefits and Allowances	493,660	471,812
Overtime Payments	3,354,264	2,934,755
Bonuses	4,143,676	3,831,839
Provision for leave	880,450	751,287
Contribution to provision - Long Service Awards - Note 5	377,826	516,462
Contribution to provision - Post Retirement Medical - Note 5	1,753,521	1,223,747
Less: Employee Costs allocated elsewhere	86,530,847	78,362,940
Total Employee Related Costs	86,530,847	78,362,940
KEY MANAGEMENT PERSONNEL		
Key management personnel are all appointed on 5-year fixed contracts. There are no post-employment or termination benefits payable to them at the end of the contract periods.		
REMUNERATION OF KEY MANAGEMENT PERSONNEL		
<i>Remuneration of the Municipal Manager - Adv H Linde</i>		
Annual Remuneration	985,562	903,255
Travelling Allowance	108,118	130,469
Telephone Allowance	-	-
Performance Bonus	-	-
Contributions to UIF, Medical and Pension Funds	229,831	229,003
Total	1,323,511	1,262,727
<i>Remuneration of the Chief Financial Officer - Mr JA van Niekerk</i>		
Annual Remuneration	607,277	567,598
Car Allowance	115,990	104,536
Housing Subsidy	90,821	85,140
Service Bonus	50,512	47,300
Leave	-	91,180
Contributions to UIF, Medical and Pension Funds	166,850	160,615
Total	1,031,550	1,056,369
<i>Remuneration of Director: Corporate Services - Mr JWA Kotzee</i>		
Annual Remuneration	643,774	570,985
Car Allowance	102,430	97,191
Housing Subsidy	59,954	84,034
Service Bonus	36,000	-
Contributions - UIF, Medical, Pension	197,863	209,787
Total	1,040,021	961,997



BERGRIVER MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
<i>Remuneration of Director : Technical Services - Mr H Krohn</i>		
Annual Remuneration	612,357	572,911
Car Allowance	94,878	101,605
Housing Subsidy	102,000	85,937
Service Bonus	50,064	47,743
Contributions - UIF, Medical, Pension	168,633	156,207
Total	1,028,832	967,403

31. REMUNERATION OF COUNCILLORS

JA Raats	591,250	558,134
WJ Dirks	226,249	222,287
JC Botha	227,296	274,311
RM van Rooy	555,474	509,512
DJ Adams (Former)	-	8,006
DJ Smith	227,296	200,623
CJ Snyders	227,296	260,090
SM Crafford	591,249	573,623
EB Manuel	730,378	706,856
A de Vries	657,712	512,793
SR Claassen	226,249	234,572
SLJ Smit	226,249	222,287
A Maasman	230,296	224,550
C Snyders	225,900	226,320
Total Councillors' Remuneration	4,848,896	4,734,966

Remuneration paid to Councillors can be summarised as follow:

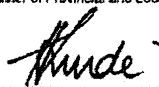
	Salary	Travel Allowance	Other Allowances	Contributions	Total
Mayor	458,189	171,998	20,868	85,313	736,378
Deputy-Mayor	378,580	137,599	16,840	66,230	591,249
Speaker	363,554	137,599	16,840	71,256	591,249
Executive Committee Members	896,029	128,999	37,680	50,478	1,113,186
Councillors	1,357,990	257,998	93,984	106,861	1,816,833
Total Councillors' Remuneration	3,464,352	834,193	190,212	370,135	4,848,896

In-kind Benefits

The Executive Mayor, Executive Deputy Mayor, Speaker and Executive Committee Members are full-time Councillors. Each is provided with an office and shared secretarial support at the cost of the Municipality. The Executive Mayor may utilise official Council transportation when engaged in official duties.

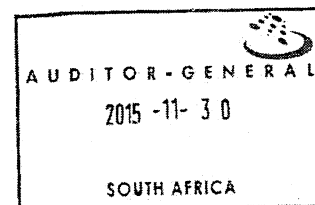
Certification by the Municipal Manager

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.


Signed: Municipal Manager

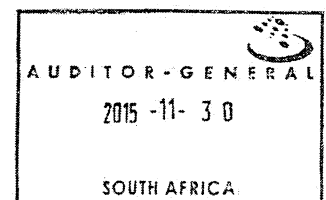
32. DEBT IMPAIRMENT

Receivables from exchange transactions - Note 18	2,552,078	757,616
Receivables from non-exchange transactions - Note 19	4,224,614	3,959,234
	6,776,692	4,716,852
Less: VAT Portion on Debt Impairment	(232,776)	(232,162)
Total Debt Impairment	6,543,914	4,484,690



BERGRIVIER MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

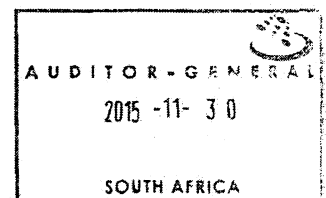
	2015 R	2014 R
33. DEPRECIATION AND AMORTISATION		
Property, plant and equipment		
Intangible assets	15,594,853	14,766,589
Correction of Error - Note 40.4	230,320	178,723
Total Depreciation and Amortisation	<u>15,825,173</u>	<u>(494,584)</u> 14,440,728
34. FINANCE COSTS		
Long-term Liabilities		
Non-current Provisions	6,253,204	5,618,103
Non-current Employee Benefits	2,316,278	1,505,083
Creditors	3,045,197	2,370,183
Correction of Error - Note 40.11	-	96,535
Total Finance Costs	<u>11,614,679</u>	<u>604,085</u> 10,193,989
35. BULK PURCHASES		
Electricity		
Water	57,352,804	50,390,545
Total Bulk Purchases	<u>4,242,829</u>	<u>4,074,345</u> 54,464,890
36. GRANTS AND SUBSIDIES PAID		
Grants-in-aid and Donations		
Free Basic Services	3,090,500	2,560,962
Total Grants and Subsidies	<u>1,651,818</u>	<u>3,781,348</u> 6,342,310
37. GENERAL EXPENSES		
Advertisement		
Audit Fees	699,471	683,303
Bank Charges	2,671,622	2,459,424
Books	431,890	275,444
Chemicals	2,462	10,221
Entertainment	595,178	518,698
Fuel	281,581	258,720
Impact Studies	2,826,782	2,932,182
Insurance	421,885	534,230
Legal Fees	942,100	683,359
Licensing	170,872	326,339
Lost Books	455,153	460,949
Materials	8,128	8,681
Membership Fees	1,371,344	1,465,815
Planning and Development	891,527	714,227
Postage	185,585	49,532
Printing	413,400	445,768
Professional Fees	234,700	160,385
Projects	11,192,927	9,610,259
Protective Clothing	43,965	-
Refuse Bags	376,245	363,084
Rent Buildings	881,049	763,734
Rent Equipment	32,400	-
Sport Fields	92,099	112,909
Stationary	115,108	90,849
Sundries	678,743	703,003
Telephone Costs	885,619	1,142,764
Training	1,274,571	1,227,509
Travel and Entertainment	1,097,394	819,651
Trees	1,065,636	695,748
Unions	3,479	21,376
Valuations	48,489	40,981
Fertilizer	78,584	708,504
Ward Committee	11,565	13,479
Correction of Error - Note 40.3 & 40.7	88,332	302,592
Total General Expenses	<u>30,568,987</u>	<u>(279,507)</u> 28,325,112



BERGRIVIER MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
38. GAIN/ (LOSS) ON SALE OF ASSETS		
Property, plant and equipment	(84,595)	446,807
Intangible assets	-	-
Investment property	-	-
Biological assets	-	-
Other financial assets	-	-
Total Gain/ (Loss) on Sale of Assets	(84,595)	446,807
39. (IMPAIRMENT LOSS)/ REVERSAL OF IMPAIRMENT LOSS		
Property, Plant and Equipment	-	-
Intangible Assets	-	-
Investment Property	-	-
Biological Assets	-	-
Infrastructure - Landfill-Sites	-	48,938
Correction of Error - Note 40.3	-	25,439
	-	74,377
Less: Allocated against Provision for Rehabilitation of Landfill-Sites - Note 4	-	(48,938)
Total (Impairment Loss)/ Reversal of Impairment Loss	-	25,439
40. CORRECTION OF ERROR IN TERMS OF GRAP 3		
The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GRAP:		
40.1 Long-Term Liabilities		
Balance previously reported	-	55,417,515
Annuity Loans calculated incorrectly in periods before 1 July 2013 - Note 2	-	(5,610,261)
Annuity Loans calculated incorrectly in 2013/2014 - Note 2	-	(455,967)
Current Portion of Annuity Loans recognised incorrectly - Note 2	-	(7,922)
Restated Balance	-	49,343,365
Long-term Liabilities recognised at amortised cost using the effective interest rate method and not fair value.		
40.2 Non-Current Provisions		
Balance previously reported	-	26,615,236
Reversal of Impairment on Aurora Landfill-site not recognised in 2013/2014 - Note 4	-	(25,439)
Restated Balance	-	26,589,799
Reversal of Impairment Loss not recognised in prior year.		
40.3 Payables from Exchange Transactions		
Balance previously reported	-	19,510,899
Recognise Unidentified Deposits older than 36 months as Other Income - Note 8	-	(154,752)
General Expenditure not recognised prior to 1 July 2013 - Note 8	-	7,007
General Expenditure not recognised in 2013/2014 - Note 38	-	5,488
Repayment of Rental Fees not recognised in 2013/2014 - Note 26	-	1,900
Refund of pre-paid meters not recognised in 2013/2014 - Note 38	-	1,215
Refund of Application Fees not recognised in 2013/2014 - Note 38	-	1,118
Correction of Builders Deposits - prior to 1 July 2013 - Note 7	-	19,594
Correction of Builders Deposits in 2013/2014 Note 8	-	4,591
Restated Balance	-	19,397,060
Write-off of Unidentified Deposits older than 36 months and Correction of Sundry Creditors not recognised in prior years.		



BERGRIVIER MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
40.4 Property, Plant and Equipment		
Balance previously reported		
Cost	-	273 698,664
Land and Buildings previously recognised as Investment Property - Note 13	-	(5 102,291)
Infrastructure Assets duplicated or not recognised in prior years - Note 12	-	860,000
Community Assets duplicated or not recognised in prior years - Note 12	-	(3 677,926)
Other Assets duplicated or not recognised in prior years - Note 12	-	(206,123)
Accumulated Depreciation	-	(2 078,242)
Depreciation on Infrastructure Assets duplicated or not recognised for periods before 1 July 2013 - Note 12	-	4 550,445
Depreciation on Community Assets duplicated or not recognised for periods before 1 July 2013 - Note 12	-	2 634,198
Depreciation on Other Assets duplicated or not recognised for periods before 1 July 2013 - Note 12	-	105,456
Depreciation on Infrastructure Assets duplicated or not recognised for 2013/2014 - Note 12	-	1 316,207
Depreciation on Community Assets duplicated or not recognised for 2013/2014 - Note 12	-	328,344
Depreciation on Other Assets duplicated or not recognised for 2013/2014 - Note 12	-	4 476
Restated Balance	-	161,764
Correction of Assets duplicated, not recognised and incorrectly classified in prior years.	-	273,146,818
40.5 Investment Property		
Balance previously reported		
Land and Buildings previously recognised as Investment Property - Note 13	-	13 728,760
Restated Balance	-	(860,000)
Correction of Land and Buildings previously recognised as Investment Property.	-	12,868,760
40.6 Long-Term Receivables		
Balance previously reported		
Correction of Current Portion of Long-term Receivables disclosed incorrectly in 2013/2014 - Note 16	-	1 414,322
Restated Balance	-	140,000
Current Portion of Long-term Receivables calculated incorrectly in prior year.	-	1,554,322
40.7 Inventory		
Balance previously reported		
Inventory: Spare Parts not recognised in prior years - Note 17	-	1,912,110
Restated Balance	-	284,995
Inventory recognised as General Expenses in prior year.	-	2,197,105
40.8 Receivables from Non-Exchange Transactions		
Balance previously reported		
Outstanding Traffic Fines not recognised in 2013/2014 - Note 19	-	20,101,387
Building Plan Fees not recognised in 2013/2014 - Note 19	-	33,561
Land Sales not recognised in 2010/2011 - Note 19	-	21,021
Restated Balance	-	132,391
Sundry Debtors not recognised in prior year.	-	20,288,360

BERGRIVIER MUNICIPALITY

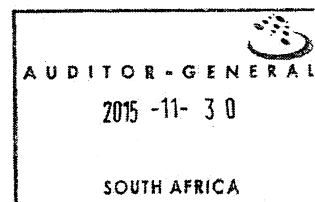
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
40.9 Current Portion of Long-Term Receivables		
Balance previously reported	-	2,415,418
Correction of Current Portion of Long-term Receivables disclosed incorrectly in 2013/2014 - Note 16	-	(140,000)
Restated Balance	-	2,275,418
Current Portion of Long-term Receivables calculated incorrectly in prior year		
40.10 Accumulated Surplus/(Deficit) - 1 July 2013		
Recognise Unidentified Deposits older than 36 months as Other Income - Note 40.3	-	154,752
General Expenditure not recognised prior to 1 July 2013 - Note 40.3	-	(7,007)
Correction of Builders Deposits - Note 40.3	-	(19,594)
Infrastructure Assets duplicated or not recognised in prior years - Note 40.4	-	(3,677,926)
Community Assets duplicated or not recognised in prior years - Note 40.4	-	(206,123)
Other Assets duplicated or not recognised in prior years - Note 40.4	-	(2,078,242)
Depreciation on Infrastructure Assets duplicated or not recognised for periods before 1 July 2013 - Note 40.4	-	2,634,198
Depreciation on Infrastructure Assets duplicated or not recognised for periods before 1 July 2013 - Note 40.4	-	105,456
Depreciation on Infrastructure Assets duplicated or not recognised for periods before 1 July 2013 - Note 40.4	-	1,316,207
Correction of Amortised Loans - Note 40.1	-	5,610,261
Land Sales not recognised in 2010/2011 - Note 40.8	-	132,391
Total	-	3,964,373

40.11 Changes to Statement of Financial Performance

Movement on operating account as a result of GRAP standards not implemented in prior years:

	Note	Balance previously reported	Adjustments	Restated Balance
Revenue				
Property taxes		45,226,662	-	45,226,662
Government Grants and Subsidies		56,175,107	242,844	56,417,951
Fines	40.8	3,387,818	33,561	3,421,379
Actuarial Gains		15,744	-	15,744
Service Charges		113,011,889	-	113,011,889
Rental of Facilities and Equipment	40.3	3,199,894	(1,900)	3,197,994
Interest Earned - external investments		1,285,000	-	1,285,000
Interest Earned - outstanding receivables		3,247,079	-	3,247,079
Licences and Permits	40.8	1,907,375	16,430	1,923,805
Income for Agency Services		1,803,158	-	1,803,158
Other income	40.3	3,146,829	(245,177)	2,901,652
Unamortised Discount - Interest		-	-	-
Gains on Sale of Assets		446,807	-	446,807
Reversal of impairment loss		-	25,439	25,439
Total		232,853,362	71,197	232,924,559
Expenditure				
Employee related costs		(78,362,940)	-	(78,362,940)
Remuneration of Councillors		(4,734,966)	-	(4,734,966)
Debt Impairment		(4,484,690)	-	(4,484,690)
Depreciation and Amortisation	40.4	(14,935,312)	494,584	(14,440,728)
Repairs and Maintenance		(4,239,207)	-	(4,239,207)
Unamortised Discount - Interest	40.1	(1,060,052)	1,060,052	-
Actuarial Losses		(3,769,712)	-	(3,769,712)
Finance Costs		(9,589,904)	(604,085)	(10,193,989)
Bulk Purchases		(54,464,890)	-	(54,464,890)
Grants and Subsidies Paid		(6,342,310)	-	(6,342,310)
General Expenses	40.4	(29,604,620)	279,508	(28,325,112)
Total		(210,588,603)	1,230,059	(209,358,544)
Net Surplus/(Deficit) for the year		22,264,759	1,301,256	23,566,015



BERGRIVIER MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
41. RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS		
Surplus/(Deficit) for the year		
Adjustments for:	35,903,842	23,566,015
Depreciation and amortisation		
Loss/(Gain) on disposal of property, plant and equipment	15,825,173	14,440,728
Impairment Loss/(Reversal of Impairment Loss)	84,595	(446,807)
Contributed Property, Plant and Equipment	-	25,439
Government Grants and Subsidies received	(856,772)	-
Government Grants and Subsidies recognised as revenue	60,041,854	63,699,633
Contribution to provisions - Non-Current Provisions	(65,702,817)	(58,175,107)
Change in Provision for Rehabilitation Cost	2,316,278	1,505,083
Contribution from/to provisions - Non-Current Employee Benefits	(90,946)	(193,766)
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial losses	5,176,543	4,110,393
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial gains	749,790	3,769,712
Contribution from/to Current Employee Benefits	-	(15,744)
Write-off of Current Employee Benefits	5,024,126	4,679,662
Contribution to provisions - Bad debt	-	(1,142,249)
Change in Estimate of Traffic Fines	6,776,692	4,716,853
Unamortised Discounts - Interest Received	82,660	-
Operating lease expenses accrued	-	(906)
Operating lease income accrued	(1,870)	(8,477)
Operating Surplus/(Deficit) before changes in working capital	-	(4,440)
Changes in working capital	65,329,188	62,526,022
Increase/(Decrease) in Trade and Other Payables	(12,580,627)	(17,518,234)
Increase/(Decrease) in Employee Benefits	7,796,076	1,875,101
Increase/(Decrease) in Taxes	(5,686,539)	(5,537,242)
(Increase)/Decrease in Inventory	450,992	309,325
(Increase)/Decrease in Trade Receivables from exchange transactions	(693,350)	180,256
(Increase)/Decrease in Other Receivables from non-exchange transactions	(6,962,689)	(7,718,918)
(Increase)/Decrease in Repay Arrangements	(6,978,298)	(6,166,470)
Cash generated/(absorbed) by operations	1,493,191	(260,286)
	52,748,561	45,007,788
42. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Current Accounts - Note 21	11,770,295	18,691,752
Call Investments Deposits - Note 21	36,559,660	15,011,815
Cash Floats - Note 21	14,070	12,570
Total cash and cash equivalents	48,344,026	33,716,137
43. RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES		
Cash and Cash Equivalents - Note 42	48,344,026	33,716,137
Less:	(2,039,016)	(14,368,243)
Unspent Committed Conditional Grants - Note 9	(1,487,029)	(7,067,211)
Unspent Borrowings - Note 44	-	(6,737,175)
VAT - Note 10	-	-
Cash Portion of Housing Development Fund - Note 2	(551,987)	(563,857)
Net cash resources available for internal distribution	46,305,010	19,347,894
Allocated to:		
Capital Replacement Reserve	(12,172,050)	(9,556,500)
Resources available for working capital requirements	34,132,960	9,791,394

BERGRIVIER MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
44. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
Long-term Liabilities - Note 3	49,341,455	53,433,941
Used to finance property, plant and equipment - at cost	(49,341,455)	(46,696,766)
Cash set aside for the repayment of long-term liabilities	-	6,737,175
Cash invested for repayment of long-term liabilities	-	6,737,175

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.

45. BUDGET INFORMATION

45.1 Explanation of variances between approved and final budget amounts

The reasons for the variances between the approved and final budgets are mainly due to variances, and the negative effect of the abnormal high electricity and solid waste tariff increases on consumer debtors, the decrease in the capital expenditure, and the reprioritising of capital projects, with the corresponding changes to funding sources.

Explanation of variances greater than 5%: Final Budget and Actual Amounts

Statement of Financial Position

45.2.1 Current Assets

Cash

The cash available was much higher than anticipated.

Call Investment Deposits

The cash available was much higher than anticipated.

Consumer Debtors

Increase in Consumer Debtors, as a result of an increase in Service Charges.

Other Debtors

Variance is due to the increase in the Provision for Debt Impairment: Fines.

Inventory

Increase in inventory purchased not used.

45.2.2 Non-Current Assets

Long-term receivables

Repayment of long-term receivables.

Investment Property

Land and Buildings transferred to Property, Plant and Equipment.

Property, Plant and Equipment

Corrections performed on assets register.

Intangible Assets

Corrections performed on asset register.

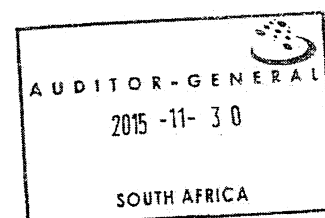
45.2.3 Current Liabilities

Borrowing

Finance Lease of R1 543 were obtained and two loans were redeemed.

Trade and Other Payables

Increase in Trade Payables.



BERGRIVIER MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Provisions

Increase in provision for staff bonuses and staff leave.

45.2.4 Non-Current Liabilities

Provisions

Increase in the provision for rehabilitation of landfill-sites.

45.2.5 Net Assets

Accumulated Surplus/(Deficit)

Net result of all increases and decreases.

Reserves

Increase in contribution to Capital Replacement Reserve.

Statement of Financial Performance

45.2.6 Revenue

Service Charges - Water Revenue

Increase in water usage.

Interest Earned - External Investments

Increase due to increase in cash and cash equivalents.

Interest Earned - Outstanding Debtors

Increase due to decrease in debtor payments.

Fines

Increase due to an increase in issuing of traffic fines.

Licences and Permits

The variance is the result of an increase in the number of licenses and permits issued and a improvement in administrative processes relating to the issue of licenses and permits.

Other Revenue

Variance due to difference in classification between budget and AFS

Transfers Recognised - Capital

The variance is due to the Housing Grant treated as Municipality acting as a Payment Agent.

45.2.7 Expenditure

Debt Impairment

Variance due to the increase in traffic fines.

Loss on Disposal of PPE

Assets written-off not included in budget.

Cash Flow Statement

45.2.8 Net Cash from Operating Activities

Government - Capital

The variance is due to the Housing Grant treated as Municipality acting as a Payment Agent.

Interest

The cash available was much higher than anticipated.

Suppliers and Employees

Decrease due to an increase in Payables.

BERGRIVIER MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

45.2.9 Net Cash from Investing Activities

Decrease/(Increase) in Other Non-Current Receivables

Repayment of Long-term Receivables.

45.2.10 Net Cash from Financing Activities

Borrowing long term/refinancing

New loan raised in previous year, but capital expenditure only in current year.

Increase/(Decrease) in Consumer Deposits

Increase in consumers.

46. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

46.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure:

Opening balance

Unauthorised expenditure current year - operational

Unauthorised expenditure current year - capital

Approved by Council on 17 February 2015

Transfer to receivables for recovery

Unauthorised expenditure awaiting authorisation

2015
R

2014
R

Opening balance	5,327,388	1,355,897
Unauthorised expenditure current year - operational	227,510	4,785,746
Unauthorised expenditure current year - capital	3,478,336	541,642
Approved by Council on 17 February 2015	(5,327,388)	(1,355,897)
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	3,705,846	5,327,388

Unauthorised expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings		
Over expenditure of approved operating budget - 2014:			
Corporate Services	None	-	4,785,746
Over expenditure of approved capital budget - 2014:			
Corporate Services	None	-	541,642
Over expenditure of approved operating budget - 2015:			
Corporate Services	None	227,510	
Over expenditure of approved capital budget - 2015:			
Corporate Services	None	699,375	
Technical Services	None	2,788,961	
		3,705,846	5,327,388

46.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:

Opening balance

Fruitless and wasteful expenditure current year

Condoned or written off by Council

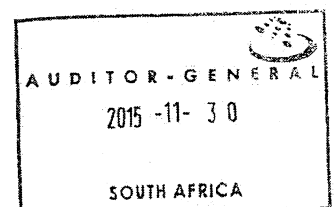
Recovered during the year

Fruitless and wasteful expenditure awaiting condonement

Opening balance	-	-
Fruitless and wasteful expenditure current year	1,773	-
Condoned or written off by Council	-	-
Recovered during the year	(173)	-
Fruitless and wasteful expenditure awaiting condonement	1,600	-

Fruitless and wasteful expenditure can be summarised as follow:

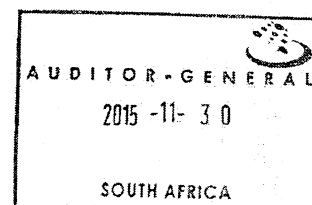
Incident	Disciplinary steps/criminal proceedings		
Interest paid to SARS	To be investigated	1,600	-
		1,600	-



BERGRIVIER MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R						
46.3 Irregular expenditure								
Reconciliation of irregular expenditure:								
Opening balance	-	615,550						
Irregular expenditure current year	691,068	-						
Expenditure authorised i.t.o. Section 32 of MFMA	-	-						
Condonement supported by council	-	(615,550)						
Transfer to receivables for recovery - not condoned	-	-						
Irregular expenditure awaiting further action	691,068	-						
Irregular expenditure can be summarised as follow:								
<table><tr><th>Incident</th><th>Disciplinary steps/criminal proceedings</th></tr><tr><td>Incorrect awarding of tender (Section 5(1)(a) of Preferential Procurement Regulation)</td><td>None</td></tr><tr><td>Awards not advertised for 14 days on website (Section 22 of SCM Regulations)</td><td>None</td></tr></table>	Incident	Disciplinary steps/criminal proceedings	Incorrect awarding of tender (Section 5(1)(a) of Preferential Procurement Regulation)	None	Awards not advertised for 14 days on website (Section 22 of SCM Regulations)	None	7,849	-
Incident	Disciplinary steps/criminal proceedings							
Incorrect awarding of tender (Section 5(1)(a) of Preferential Procurement Regulation)	None							
Awards not advertised for 14 days on website (Section 22 of SCM Regulations)	None							
	683,219	-						
	691,068	-						
47. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT								
47.1 Contributions to organised local government - [MFMA 125 (1)(b)] - (SALGA CONTRIBUTIONS)								
Opening balance	-	-						
Council subscriptions	893,972	875,779.00						
Amount paid - current year	(893,972)	-875,779.00						
Amount paid - previous years	-	-						
Balance unpaid (included in creditors)	-	-						
47.2 Audit fees - [MFMA 125 (1)(c)]								
Opening balance	5,316	-						
Current year audit fee	3,106,098	2,876,133						
External Audit - Auditor-General	3,045,650	2,803,744						
Audit Committee	60,448	72,389						
Amount paid - current year	(3,106,097)	(2,870,817)						
Amount paid - previous year	(5,317)	-						
Balance unpaid (included in creditors)	-	5,316						
47.3 VAT - [MFMA 125 (1)(c)]								
Opening balance	-	-						
Amounts received - current year	4,039,783	(277)						
Amounts claimed - current year	3,828,730	1,383,658						
Amount paid - current year	(1,040,798)	5,049,448						
Amount paid - previous year	(4,305,239)	(2,393,046)						
Closing balance	2,522,476	4,039,783						
VAT is payable on the receipt basis. Only once payment is received from the debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date throughout the year.								
47.4 PAYE and UIF - [MFMA 125 (1)(c)]								
Opening balance	-	341						
Current year payroll deductions	9,926,908	8,963,023						
Amount paid - current year	(9,926,908)	(8,963,023)						
Amount paid - previous year	-	(341)						
Balance unpaid (included in creditors)	-	-						



BERGRIVIER MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
47.5 Pension and Medical Aid Deductions - (MFMA 125 (1)(c))		
Opening balance	-	-
Current year payroll deductions and Council Contributions	21,331,429	19,074,983
Amount paid - current year	(21,331,429)	(19,074,983)
Amount paid - previous year	-	-
Balance unpaid (included in creditors)		

47.6 Councillor's arrear consumer accounts - (MFMA 124 (1)(b))

The following Councillors had arrear accounts outstanding for more than 90 days during the year. These accounts were however settled before year-end:

	90+ Days	120+ Days
<i>SR Claassen</i>		
July 2014	389	732.83
August 2014	392	1,121.88
September 2014	395	1,513.80
October 2014	398	1,908.60
November 2014	432	868.25
December 2014	304	-

47.7 Disclosures in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005

47.7.1 Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36(1)(a) and (b)

	Amount	Single Supplier	Minor Offense	Type of Deviation Impractical/ Impossible	Emergency
July	140,845	5	-	5	1.00
August	520,833	5	10	6	1.00
September	161,685	3	1	3	2.00
October	343,342	3	4	7	2.00
November	218,631	5	4	5	1.00
December	82,245	-	1	4	1.00
January	94,435	2	2	2	-
February	429,363	2	6	6	-
March	1,898,077	1	7	5	1.00
April	149,252	1	7	2	1.00
May	800,529	8	19	9	2.00
June	565,619	1	9	10	2.00
	5,404,856	36	70	64	14.00

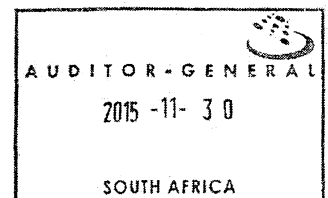
47.8 Material losses

Electricity distribution losses

Units purchased (Kwh)	76,855,739	77,236,807
Units lost during distribution (Kwh)	8,069,840	8,246,380
Percentage lost during distribution	10.50%	11%
Distribution loss (Rand Value)	6,046,328	5,525,899

Water distribution losses

Units purchased (kl)	2,515,197	2,285,457
Units lost during distribution (kl)	223,365	172,964
Percentage lost during distribution	8.88%	0.08
Distribution loss (Rand Value)	960,470	857,339



BERGRIVIER MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

48. CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

Approved and contracted for:

Infrastructure
Community
Other

Approved and not contracted for:

Infrastructure
Community
Other

Total

This expenditure will be financed from:

External Loans
Capital Replacement Reserve
Government Grants
Own Resources
District Council Grants

Total

	2015 R	2014 R
	5,468,824	2,840,363
	5,468,824	2,840,363
	-	-
	-	-
	-	-
	-	-
	-	-
	5,468,824	2,840,363
	-	-
	-	-
	5,468,824	2,840,363
	-	-
	-	-
	5,468,824	2,840,363

49. FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price Risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/(deficit) for the year due to changes in interest rates were as follows:

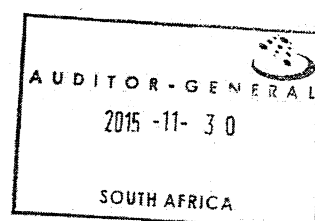
1% (2014: 1%) Increase in interest rates
1% (2014: 1%) Decrease in interest rates

	2015 R	2014 R
	(10,115)	-197,304
	10,115	197,304

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.

Credit risk arises mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.



BERGRIVIER MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Trade and other receivables are disclosed net after provisions are made for impairment and bad debts. Trade receivables comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other receivables is considered to be moderate due the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

The credit quality of receivables are further assessed by grouping individual debtors into different categories with similar risk profiles. The categories include the following: Bad Debt, Deceased, Good payers, Slow Payers, Government Departments, Debtors with Arrangements, Indigents, Municipal Workers, Handed over to Attorneys and Untraceable account. These categories are then impaired on a group basis based on the risk profile/credit quality associated with the group.

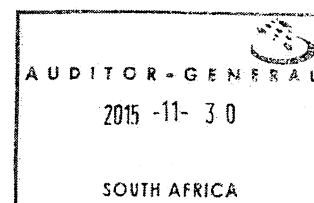
	2015 %	2015 R	2014 %	2014 R
The debtors per age analysis could be summarised as follows:				
Assessment Rates	20%	13,551,271	20%	12,803,288
Consumer Deposit	0%	(28,690)	0%	(44,318)
Electricity	17%	11,339,337	17%	10,892,471
General Debit/Credit	-3%	(2,235,627)	-2%	(1,420,973)
Handed Over	22%	14,937,282	21%	13,567,811
House Purchase	0%	(11,026)	0%	(5,724)
Housing	0%	42,302	0%	89,030
Legal Fees	1%	670,473	1%	494,952
Loan Arrangement	4%	2,988,645	6%	3,811,296
Refuse Removal	15%	10,431,217	14%	8,897,938
Service Balances	0%	23,066	0%	71,577
Sewerage Charge	10%	7,125,207	9%	5,810,357
Sundries	0%	222,401	1%	722,150
Water	13%	9,093,075	12%	7,523,610
Total	100%	68,349,033	100%	63,213,475

All rates and services are payable within 30 days from invoice date. Refer to note 18 and 19 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note 16 for balances included in receivables that were re-negotiated for the period under review.

	2015 %	2015 R	2014 %	2014 R
<u>Non-exchange Receivables</u>				
Rates	100%	28,488,553	100%	26,371,089
<u>Exchange Receivables</u>				
Electricity	25%	11,339,334	26%	10,892,471
Water	20%	9,093,075	16%	7,523,610
Housing Rentals	0%	31,276	0%	83,306
Refuse	23%	10,431,218	21%	8,897,938
Sewerage	16%	7,125,208	14%	5,810,357
Other	16%	6,991,249	21%	9,082,704
Total	100%	45,011,360	100%	42,300,386

No receivables are pledged as security for financial liabilities.

Due to short term nature of trade and other receivables the carrying value disclosed in note 18 and 19 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.



BERGRIVIER MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

The provision for bad debts could be allocated between the different classes of receivables as follows:

	2015 %	2015 R	2014 %	2014 R
<u>Non-exchange Receivables</u>				
Rates	78%	14,282,012	65%	10,635,338
<u>Exchange Receivables</u>				
Services	22%	3,994,600	35%	5,694,237
	100%	18,276,612	100%	16,329,575

Ageing of amounts past due but not impaired are as follows:

	2015	Exchange Receivables	Non-exchange Receivables
1 month past due		3,734,983	2,185,249
2+ months past due		26,082,336	14,471,422
		29,817,321	16,656,671
2014			
1 month past due		4,064,136	2,519,601
2+ months past due		19,345,214	11,614,564
		23,429,350	14,134,165

Bad debts written-off per receivable class:

	2015 %	2015 R	2014 %	2014 R
<u>Non-exchange Receivables</u>				
Rates	4%	660,630	0%	-
<u>Exchange Receivables</u>				
Services	23%	4,251,715	2%	328,927
	27%	4,912,345	2%	328,827

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

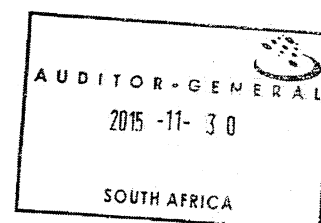
The banks utilised by the municipality for current and non-current investments are all listed on the JSE (ABSA Bank Limited). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

Financial assets exposed to credit risk at year end are as follows:

	2015 R	2014 R
Long-term Receivables		
Receivables from exchange transactions	2,309,549	3,829,740
Receivables from non-exchange transactions	45,011,360	42,300,386
Cash and Cash Equivalents	39,324,621	30,923,699
	48,329,956	33,703,567
	134,975,486	110,757,392



BERGRIVIER MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

(e) Liquidity Risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

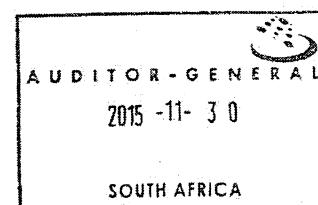
The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
2015				
Long-term Liabilities	9,665,957	38,026,160	53,283,334	-
Provision for Rehabilitation of Landfill-sites	55,933,814	10,309,911	15,599,482	3,535,628
Trade and Other Payables	27,193,139	-	-	-
	<u>92,792,910</u>	<u>48,336,071</u>	<u>68,882,816</u>	<u>3,535,628</u>
2014				
Long-term Liabilities	10,313,760	34,550,210	66,759,498	-
Provision for Rehabilitation of Landfill-sites	28,185,187	6,168,042	2,760,956	-
Trade and Other Payables	19,397,060	-	-	-
	<u>57,896,007</u>	<u>40,718,252</u>	<u>69,520,454</u>	<u>-</u>
			2015	2014
			R	R

50. FINANCIAL INSTRUMENTS

In accordance with GRAP104.45 the financial liabilities and assets of the municipality are classified as follows:

50.1	<u>Financial Assets</u>	<u>Classification</u>		
	Long-term Receivables			
	Receivables with repay arrangements	Financial Instruments at amortised cost	2,039,521	3,532,712
	Sport Club Loans	Financial Instruments at amortised cost	-	-
	Housing Loans	Financial Instruments at amortised cost	270,028	297,028
	Receivables from Exchange Transactions			
	Electricity	Financial Instruments at amortised cost	11,339,334	10,892,471
	Water	Financial Instruments at amortised cost	9,093,075	7,523,610
	Housing Rentals	Financial Instruments at amortised cost	31,276	83,306
	Refuse	Financial Instruments at amortised cost	10,431,218	8,897,938
	Sewerage	Financial Instruments at amortised cost	7,125,208	5,810,357
	Other Arrears	Financial Instruments at amortised cost	6,991,249	9,092,704
	Cash and Cash Equivalents			
	Bank Balances	Financial Instruments at amortised cost	11,770,296	16,691,752
	Call Deposits	Financial Instruments at amortised cost	36,559,660	15,011,815
	Total Financial Assets		<u>95,650,865</u>	<u>79,833,693</u>

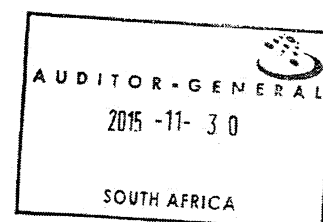


BERGRIVIER MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

		2015 R	2014 R
SUMMARY OF FINANCIAL ASSETS			
Financial Instruments at amortised cost:			
Long-term Receivables	Receivables with repay arrangements	2,039,521	3,532,712
Long-term Receivables	Sport Club Loans	-	-
Long-term Receivables	Housing Loans	270,028	297,028
Receivables from Exchange Transactions	Electricity	11,339,334	10,892,471
Receivables from Exchange Transactions	Water	9,093,075	7,523,610
Receivables from Exchange Transactions	Housing Rentals	31,276	83,306
Receivables from Exchange Transactions	Refuse	10,431,218	8,897,938
Receivables from Exchange Transactions	Sewerage	7,125,208	5,810,357
Receivables from Exchange Transactions	Other Arrears	6,991,249	9,092,704
Cash and Cash Equivalents	Bank Balances	11,770,296	18,691,752
Cash and Cash Equivalents	Call Deposits	36,559,660	15,011,815
		95,650,865	79,833,693
Total Financial Assets		95,650,865	79,833,693
50.2 Financial Liabilities			
	Classification		
Long-term Liabilities			
Annuity Loans	Financial Instruments at amortised cost	49,101,527	52,917,267
Capitalised Lease Liability	Financial Instruments at amortised cost	239,928	516,674
Trade and Other Payables			
Trade Creditors	Financial Instruments at amortised cost	16,586,336	10,688,633
Payments received in advance	Financial Instruments at amortised cost	3,017,242	2,501,947
Retentions	Financial Instruments at amortised cost	1,824,825	1,655,042
Sundry Deposits	Financial Instruments at amortised cost	4,906,605	3,984,235
Other Creditors	Financial Instruments at amortised cost	804,167	636,977
		76,480,630	125,818,042
SUMMARY OF FINANCIAL LIABILITIES			
Financial Instruments at amortised cost:			
Long-term Liabilities	Annuity Loans	49,101,527	52,917,267
Long-term Liabilities	Capitalised Lease Liability	239,928	516,674
Trade and Other Payables	Trade Creditors	16,586,336	10,688,633
Trade and Other Payables	Payments received in advance	3,017,242	2,501,947
Trade and Other Payables	Retentions	1,824,825	1,655,042
Trade and Other Payables	Sundry Deposits	4,906,605	3,984,235
Trade and Other Payables	Other Creditors	804,167	636,977
		76,480,630	125,818,042
51. STATUTORY RECEIVABLES			
In accordance with the principles of GRAP 108, Statutory Receivables of the municipality are classified as follows:			
Taxes			
VAT Receivable		3,857,963	4,039,785
Receivables from Non-Exchange Transactions			
Rates		36,007,193	29,018,192
Fines		28,488,553	26,371,099
		7,518,640	2,647,093
Total Statutory Receivables		39,905,176	33,057,977
52. EVENTS AFTER THE REPORTING DATE			

On 3 November 2015 the MSCOA committee took a decision to withdraw as a pilot site for the implementation of the MSCOA Regulation. The decision of the MSCOA committee was recommended to the Mayoral Committee and approved by the Mayoral Committee on 17 November 2015. The development cost to the value of R595 676 related to the intangible asset no longer meet the definition of the intangible asset as the municipality has requested to withdraw from being a pilot site for the implementation of the project.



BERGRIVIER MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

53. IN-KIND DONATIONS AND ASSISTANCE

The municipality did not receive any in-kind donations or assistance during the year under review.

54. PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

55. CONTINGENT LIABILITY

The municipality is not currently engaged in litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions.

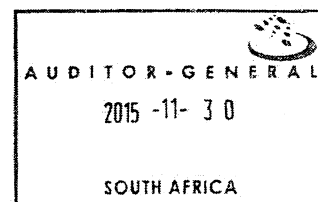
56. RELATED PARTIES

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

56.1 Related Party Transactions

	Rates	Service Charges	Other	Outstanding Balance
Year ended 30 June 2015				
Councillors				
SR Claassen	919	4,054	87	414
SM Crafford	-	8,457	15	697
WJ Dirks	3,768	6,504	-	605
EB Manuel	2,022	17,042	23	3,282
JA Raats	11,763	27,057	-	3,700
SIJ Smit	3,676	34,633	264	6,013
	22,148	97,747	389	14,911
Municipal Manager and Section 57 Employees				
Adv H Linde	-	8,660	-	514
JA van Niekerk	9,925	11,432	-	1,732
JWA Kotzee	169	4,230	-	718
H Krohn	-	26,467	(1,110)	2,454
	10,094	50,809	(1,110)	5,418
Year ended 30 June 2014				
Councillors				
SR Claassen	851	3,754	135	2,306
SM Crafford	-	12,514	26	867
A de Vries	-	11,237	-	-
WJ Dirks	3,489	7,113	-	822
EB Manuel	1,872	14,915	10	1,364
JA Raats	10,893	23,584	42	2,968
A Maarman	-	-	-	-
SIJ Smit	3,404	27,259	202	4,139
	20,509	100,376	415	12,466
Municipal Manager and Section 57 Employees				
Adv H Linde	-	8,632	-	422
JA van Niekerk	9,191	12,695	-	1,768
JWA Kotzee	-	3,291	-	274
H Krohn	-	25,536	-	1,488
	9,191	50,154	-	3,952

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.



BERGRIVIER MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

56.2 Compensation of key management personnel

The compensation of key management personnel is set out in note 30 to the Annual Financial Statements.

56.3 Other related party transactions

The following purchases were made during the year where Councillors or staff have an interest:

Councillor/Staff Member

Entity

H Linde

C Linde (Training)

2015
R

2014
R

5,946

5,946

57. FINANCIAL SUSTAINABILITY

Management is of the opinion that the municipality will continue to operate as a going concern and perform its functions as set out in the Constitution.

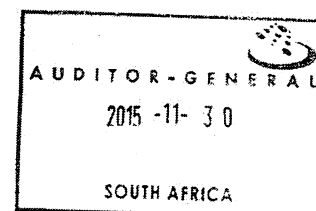
Financial Indicators

The current ratio increased to 2,76:1 from 2,35:1 in the prior year.

The municipality have budgeted for a surplus of R15 578 000 for the 2014/2015 financial year and surpluses of R13 668 000 and R12 086 000 for the 2015/2016 and 2016/2017 years respectively.

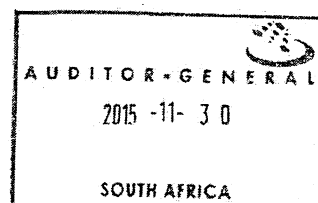
The average debtors collection rate increased from 95,23% to 97,55%.

Cash and Cash Equivalents have increased during the year.



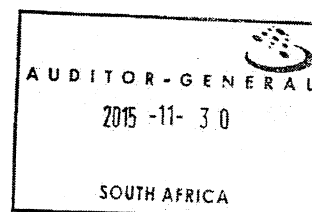
APPENDIX A
BERGRIVIER MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2015

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 June 2014	Correction of Error	Received during the period	Redeemed written off during the period	Balance at 30 June 2015
LONG-TERM LOANS								
DBSA	15.00%	61001254	2018/06/30	862,156	(1,686)	-	(170,918)	689,552
DBSA	13.00%	61001020	2016/03/31	390,386	(13,322)	-	(176,675)	200,389
DBSA	9.98%	61000584	2016/12/31	886,617	(255,318)	-	(410,540)	220,759
INCA	9.44%		2015/06/30	284,755	141	-	(284,896)	-
DBSA	13.23%	61002920	2015/06/30	273,579	(172)	-	(273,407)	-
DBSA	16.50%	61003131	2020/12/31	671,029	(222)	-	(63,934)	606,873
DBSA	14.00%	61001189	2017/09/30	582,467	(38,179)	-	(157,504)	386,783
DBSA	11.70%	61003268	2016/06/30	234,280	(118)	-	(110,432)	123,730
Nedbank	11.27%	05/7831032282	2023/06/12	3,669,705	3,583	-	(252,982)	3,420,307
DBSA	9.86%	61000757	2018/12/31	3,680,946	70,550	-	(613,226)	3,138,270
DBSA	12.41%	61001029	2030/06/30	16,383,234	(94,730)	-	(355,350)	15,933,155
DBSA	11.53%	61006811	2031/06/30	3,848,693	(683)	-	(79,746)	3,768,264
DBSA	11.59%	61006837	2036/06/30	8,771,242	(1,462)	-	(95,730)	8,674,050
DBSA	11.33%	61006975	2032/06/30	3,891,003	2,791	-	(70,177)	3,823,616
Standard Bank	11.95%	252933753	2024/06/30	6,816,000	-	-	(382,678)	6,433,322
Standard Bank	11.25%	252933737	2019/06/30	2,000,000	-	-	(317,544)	1,682,456
Total Long-term Loans				53,246,093	(328,826)	-	(3,815,740)	49,101,527
LEASE LIABILITY								
Cellphones and Modems		Various		90,203	-	1,549	(76,835)	14,917
Telephone Systems		Various		426,471	-	-	(201,460)	225,012
Total Lease Liabilities				516,674	-	1,549	(278,295)	239,928
TOTAL EXTERNAL LOANS				53,762,767	(328,826)	1,549	(4,094,035)	49,341,455



APPENDIX B
BERGRIVIER MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2014 Actual Income R	2014 Actual Expenditure R	2014 Surplus/ (Deficit) R		2015 Actual Income R	2015 Actual Expenditure R	2015 Surplus/ (Deficit) R
26,094,099	(15,869,439)	10,224,660	Executive and Council	15,278,094	(15,641,418)	(363,324)
52,592,669	(9,919,358)	42,673,310	Budget and Treasury Office	60,527,589	(8,927,166)	51,600,423
2,150,246	(23,139,599)	(20,989,354)	Corporate Services	1,294,229	(23,504,128)	(22,209,899)
760,489	(3,118,844)	(2,358,355)	Planning and Development	931,632	(3,457,993)	(2,526,361)
-	-	-	Health	-	-	-
4,327,186	(5,652,971)	(1,325,784)	Community and Social Services	6,563,783	(6,813,678)	(249,895)
6,175,664	(868,759)	5,306,904	Housing	7,573,252	(2,824,300)	4,748,952
3,311,848	(7,462,147)	(4,150,300)	Public Safety	6,099,120	(11,782,367)	(5,683,247)
3,441,944	(9,056,743)	(5,614,799)	Sport and Recreation	4,883,438	(10,772,171)	(5,888,733)
-	-	-	Environmental Protection	-	-	-
14,091,811	(15,012,031)	(920,219)	Waste Management	20,490,896	(17,376,817)	3,114,079
24,793,205	(6,768,321)	18,024,884	Waste Water Management	15,938,711	(6,963,961)	8,974,750
4,189,280	(23,152,074)	(18,962,794)	Road Transport	4,464,323	(23,992,052)	(19,527,729)
19,774,097	(15,081,789)	4,692,308	Water	37,545,675	(16,179,632)	21,366,043
71,222,023	(74,256,469)	(3,034,446)	Electricity	82,392,071	(79,843,289)	2,548,782
232,924,560	(209,358,545)	23,566,015	Sub Total	263,982,813	(228,078,971)	35,903,842
-	-	-	Less Inter-Departmental Charges	-	-	-
232,924,560	(209,358,545)	23,566,015	Total	263,982,813	(228,078,971)	35,903,842



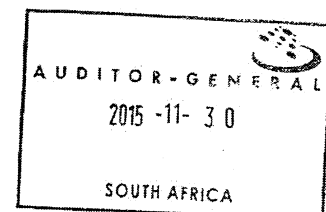
APPENDIX C
BERGRIVIER MUNICIPALITY

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES, INTANGIBLE ASSETS, BIOLOGICAL ASSETS AND HERITAGE ASSETS AS AT 30 JUNE 2015
GENERAL FINANCE STATISTICS CLASSIFICATION

	Cost/Revaluation				Accumulated Depreciation				Carrying Value			
	Opening Balance	Correction of Error	Additions	Under Construction	Disposals/ Impairment	Closing Balance	Opening Balance	Correction of Error		Depreciation	Disposals/ Impairment	Closing Balance
Executive & Council	114,485,952	(3,354,495)	28,040	-	-	111,159,497	25,989,709	(1,354,789)	2,918,783	-	27,553,693	83,605,804
Budget & Treasury Office	4,335,316	150,786	850,717	300,000	-	5,636,819	2,166,732	(100,490)	557,597	-	2,623,839	3,012,980
Corporate Services	805,787	-	1,549	-	(28,599)	778,737	316,053	-	562,958	(28,599)	215,779	215,779
Planning & Development	19,254	25,050	41,965	-	-	86,270	11,132	-	5,225	-	16,357	69,913
Health	-	-	-	-	-	-	-	-	-	-	-	-
Community & Social Services	11,882,474	357,732	2,837,421	-	-	15,077,628	3,600,785	(113,447)	661,440	-	4,148,778	10,928,849
Housing	-	-	-	-	-	-	-	-	-	-	-	-
Public Safety	1,417,836	195,842	570,141	-	-	2,183,819	564,534	(8,239)	245,051	-	801,345	1,382,474
Sport & Recreation	22,158,073	859	66,888	969,981	-	23,195,801	6,546,167	-	774,038	-	7,320,206	15,875,596
Environmental Protection	-	-	-	-	-	-	-	-	-	-	-	-
Waste Management	27,742,943	36,821	265,523	-	27,118,683	55,163,970	16,081,873	(4,733)	3,546,779	-	19,623,919	35,540,051
Waste Water Management	68,259,687	(104,972)	1,946,068	11,861,316	(117,128)	81,845,572	9,870,385	(70,112)	1,786,873	(32,533)	11,554,612	70,290,959
Road Transport	61,332,626	180,067	3,968,693	5,549,512	-	71,030,898	18,835,446	(7,228)	2,522,750	-	21,360,968	49,679,930
Water	44,799,225	25,853	1,704,550	-	-	46,529,628	12,669,401	(2,303)	1,441,988	-	14,109,086	32,420,541
Electricity	40,089,078	(3,475,834)	1,918,938	2,223,881	-	40,756,064	11,988,461	(2,889,094)	1,089,155	-	10,188,522	30,567,542
	397,328,251	(5,962,291)	14,200,495	20,905,291	26,972,955	453,444,701	108,640,686	(4,550,445)	15,825,174	(61,132)	119,854,283	333,590,418

APPENDIX D
BERGRIVIER MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015
MUNICIPAL VOTES CLASSIFICATIONS

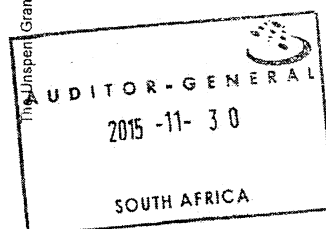
2014 Actual Income R	2014 Actual Expenditure R	2014 Surplus/ (Deficit) R		2015 Actual Income R	2015 Actual Expenditure R	2015 Surplus/ (Deficit) R
26,094,099	(15,869,439)	10,224,660	Municipal Manager			
-	-	-	Council	14,986,343	(11,413,647)	3,572,697
-	-	-	Strategic Services	291,750	(4,227,771)	(3,936,020)
52,592,669	(9,919,358)	42,673,310	Director: Finance			
-	-	-	Financial Administration	60,527,589	(8,927,166)	51,600,423
87,313	(5,039,881)	(4,952,568)	Director: Corporate Services			
-	(1,462,136)	(1,462,136)	Administration	626,609	(6,170,619)	(5,544,010)
-	(327,987)	(327,987)	Community Services	-	(297,422)	(297,422)
3,001,381	(2,951,418)	49,964	Fire	-	(866,478)	(866,478)
1,402,832	(11,159,649)	(9,756,817)	Holiday Resorts	3,694,875	(4,028,534)	(133,659)
4,077,717	(4,002,990)	74,726	Human Resources	192,929	(9,903,156)	(9,710,228)
300,555	(1,877,581)	(1,577,026)	Library	6,289,250	(5,923,371)	365,879
3,311,848	(7,134,161)	(3,822,313)	Planning and Development	427,139	(2,247,493)	(1,820,354)
3,127,384	(1,026,771)	2,100,614	Traffic	6,099,120	(10,915,889)	(4,816,769)
-	-	-	Vehicle Licencing	3,216,665	(1,303,079)	1,913,587
459,934	(1,241,263)	(781,329)	Director: Technical Services			
249,469	(187,844)	61,626	Building Control	504,493	(1,210,500)	(706,006)
-	(4,450,720)	(4,450,720)	Cemetery	274,533	(592,885)	(318,352)
660,101	(6,940,069)	(6,279,968)	Community Parks	-	(4,852,658)	(4,852,658)
71,222,023	(74,033,306)	(2,811,283)	Council Properties & Buildings	474,691	(7,430,353)	(6,955,662)
-	(223,164)	(223,164)	Electricity	82,392,071	(79,631,295)	2,760,776
6,175,664	(868,759)	5,306,904	Electricity Streetlights	-	(211,994)	(211,994)
14,091,811	(15,012,031)	(920,219)	Housing	7,573,252	(2,824,300)	4,748,952
1,061,895	(22,125,303)	(21,063,408)	Refuse Removal and Dumping	20,490,896	(17,376,817)	3,114,079
24,793,205	(6,088,115)	18,705,089	Roads and Stormwater	1,247,658	(22,688,973)	(21,441,315)
440,563	(1,654,606)	(1,214,043)	Sewerage	15,938,711	(4,595,122)	11,343,589
-	(680,206)	(680,206)	Sportgrounds & Swimming Pools	988,563	(1,890,978)	(902,415)
19,774,097	(15,081,789)	4,692,308	Stormwater Management	-	(2,368,839)	(2,368,839)
-	-	-	Water	37,545,675	(16,179,632)	21,366,043
232,924,560	(209,358,545)	23,566,015	Sub Total	263,982,813	(228,078,971)	35,903,842
-	-	-	Less Inter-Departmental Charges	-	-	-
232,924,560	(209,358,545)	23,566,015	Total	263,982,813	(228,078,971)	35,903,842

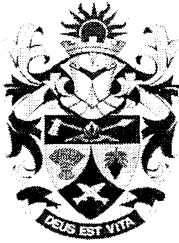


APPENDIX E
BERGRIVIER MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 30 June 2014	Correction of Error	Restated Balance 30 June 2014	Contributions during the year	Interest on Investments	Repaid to National Revenue Fund	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 June 2015	Unspent 30 June 2015 (Creditor)	Unpaid 30 June 2015 (Debtor)
National Government Grants											
Equitable Share	-	-	-	27,489,000	-	-	(27,489,000)	(300,000)	-	-	-
Finance Management Grant	-	-	-	1,450,000	-	-	(1,150,000)	(600,000)	-	-	-
Municipal System Improvement Grant	-	-	-	934,000	-	-	(334,000)	(600,000)	-	-	-
Municipal Infrastructure Grant	4,855,817	-	4,855,817	13,764,000	-	-	(2,121,092)	(15,150,656)	1,348,069	1,348,069	-
Expanded Public Works Programme	-	-	-	1,147,000	-	-	(1,147,000)	-	-	-	-
Integrated National Electrification	-	-	-	2,100,000	-	-	-	(2,100,000)	-	-	-
Total National Government Grants	4,855,817	-	4,855,817	45,884,000	-	-	(32,241,092)	(18,150,656)	1,348,069	1,348,069	-
Provincial Government Grants											
Housing	1,948,452	-	1,948,452	5,502,330	-	-	(1,882,040)	(5,549,512)	(80,770)	-	(80,770)
CDW Contribution	-	-	-	34,976	-	-	(34,976)	-	-	-	-
Housing Consuming Education	4,479	-	4,479	-	-	-	(599)	-	3,880	3,880	-
Finance Management Grant	216,310	-	216,310	820,000	-	-	(984,368)	-	51,942	51,942	-
Pradam Road	-	-	-	70,483	-	-	(70,483)	-	-	-	-
Municipal Infrastructure Support Grant	-	-	-	600,000	-	-	(600,000)	-	-	-	-
Library Services	-	-	-	5,854,000	-	-	(5,025,385)	(828,615)	-	-	-
Total Provincial Government Grants	2,169,242	-	2,169,242	12,881,799	-	-	(8,697,861)	(6,378,127)	55,822	55,822	(80,770)
District Municipality											
West Coast DM - LED	42,152	-	42,152	-	-	-	(42,152)	-	-	-	-
Total District Municipality Grants	42,152	-	42,152	-	-	-	(42,152)	-	-	-	-
Other Grant Providers											
Lotto: Pheleberg Sport Field	-	-	-	-	-	-	-	-	-	-	-
Cerebos Ltd	-	-	-	83,136	-	-	-	-	83,136	83,136	-
Total Other Grant Providers	-	-	-	83,136	-	-	-	-	83,136	83,136	-
Total Grants	7,067,210	-	7,067,210	59,848,335	-	-	(40,981,105)	(24,528,783)	1,406,257	1,487,028	(80,770)

The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received. No grants were withheld.





MEMORANDUM

Aan: Bestuurders : Korporatiewe Dienste
Bestuurders : Finansiële Dienste
Bestuurders / Ingenieurs: Tegnieiese Dienste
Bestuurder: Strategiese Dienste
Voorsitter : IMATU
Voorsitter : SAMWU

VERW: 4/4/1

Van: Bestuurder : Menslike Hulpbrondienste

DATE: 17 Februarie 2015

WERKSWINKEL : BEPALING VAN 2016/2017 OPLEIDINGSBEHOEFTES

Goeie dag

Neem asseblief kennis dat die onderstaande werkswinkels gereël is met betrekking tot die samestelling van die opleidingsbehoefte vir 2016/2017 werksplekvaardigheidsplan.

DEPARTEMENT	DATUM	TYD	PLEK
Strategiese Dienste	22 Feb 2016	09:00 – 10:00	
Projekbestuur	22 Feb 2016	10:00 – 11:00	
Gemeenskapdienste	22 Feb 2016	11:00 – 12:00	
Siviel: PB, VD & PV	23 Feb 2016	10:00 – 13:00	
Elektriese Dienste	23 Feb 2016	14:00 – 15:00	
Administratiewe dienste	24 Feb 2016	10:00 – 11:00	
Beplanning en ontwikkeling	24 Feb 2016	11:00 – 12:00	
Begroting	29 Feb 2016	09:00 – 10:00	
Inkomste	29 Feb 2016	10:00 – 11:00	
Uitgawes & SCM	29 Feb 2016	11:00 – 12:00	
Menslike hulpbrondienste	1 Maart 2016	14:00 – 15:00	

Ons vertrou op u samewerking en moedig u aan om met u werknemers die opleidingsbehoefte vir die 2016/2017 finansiële jaar te bespreek.

Vriendelike Groete

A LOUW
BESTUURDER: MENSLIKE HULPBRONDIENSTE